Public Accounts

VOLUME 1 – FINANCIAL STATEMENTS

Province of Nova Scotia

for the Fiscal Year Ended March 31, 2001

Printed by Order of the Legislature

Halifax, Nova Scotia, 2001

To Her Honour,

The Honourable Myra A. Freeman

Lieutenant Governor of Nova Scotia

May It Please Your Honour -

The undersigned has the honour to submit the Public Accounts of the Province of Nova Scotia for the fiscal year ended March 31, 2001.

Neil J. LeBlanc
Minister of Finance

Office of the Minister
Halifax, Nova Scotia

102-02419/

The Honourable Neil J. LeBlanc
Minister of Finance
Halifax, Nova Scotia

Sir:

In accordance with Section 9(1) of the Provincial Finance Act, I have the Honour to submit the Public Accounts of the Province of Nova Scotia for the Fiscal year ended March 31, 2001.

Respectfully submitted,

William Hogg

W. D. Hogg, CA
Deputy Minister of Finance

Office of the Deputy Minister
Halifax, Nova Scotia

Province of Nova Scotia

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for the fiscal year ended March 31, 2001

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Province of Nova Scotia

Statement of Responsibility for the Consolidated Financial Statements of the Province of Nova Scotia

Responsibility for the integrity and objectivity of the consolidated financial statements of the Province of Nova Scotia rests with the government. These financial statements are prepared by the Controller in accordance with the government's stated accounting policies.

The stated accounting policies reflect the accounting principles recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA accounting standards or pronouncements.

The consolidated financial statements include a Statement of Financial Position, a Statement of Operations, a Statement of Net Direct Debt, a Statement of Cash Flow and a Statement of Tangible Capital Assets. Together, they present fairly, in all material respects, the financial position and the results of operations for the year then ended.

The government maintains a system of internal accounting and administrative controls in order to provide reasonable assurance that transactions are appropriately authorized, assets are safeguarded and financial records are properly maintained.

The Auditor General of Nova Scotia provides an independent opinion on the consolidated financial statements prepared by the government.

NOVA SCOTIA

Office of the
Auditor General

AUDITOR'S REPORT

***To the Members of the Legislative
Assembly of Nova Scotia***

I have audited the consolidated statements of financial position and tangible capital assets of the Province of Nova Scotia as at March 31, 2001 and the consolidated statements of operations, net direct debt and cash flow for the year then ended. These statements are the responsibility of the Government of Nova Scotia, represented by the Minister of Finance. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position and tangible capital assets of the Province of Nova Scotia as at March 31, 2001 and the results of its operations, changes in net direct debt and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles for the public sector.

E R Salmon

E. Roy Salmon, FCA
Auditor General

Halifax, Nova Scotia
September 28, 2001

Statement 1

Consolidated Statement of Financial Position

as at March 31, 2001
($ thousands)

	2001	2000 *(as restated)*
Assets		
Cash and Short-term Investments (Note 4)	$ 375,145	$ 445,377
Accounts Receivable and Advances	1,054,596	1,021,172
Inventory	954	1,080
Loans and Investments (Schedule 3)	947,370	994,096
Unamortized Foreign Exchange Translation Losses and Discounts	565,834	516,178
	$ 2,943,899	$ 2,977,903
Liabilities		
Bank Advances and Short-term Borrowings	$ 1,174,169	$ 738,918
Accounts Payable and Accrued Liabilities	1,046,692	1,053,197
Deferred Revenue	40,696	31,790
Accrued Interest	270,048	297,625
Unmatured Debt of Government Service Organizations (Schedule 4)	10,680,372	10,400,143
Pension, Retirement and Other Obligations (Note 6)	1,042,071	1,112,496
Deficiency in Government Business Enterprises (Schedule 7)	34,695	38,963
Deficiency in Discontinued Government Business Enterprises (Schedule 7)	3,465	535,454
	$ 14,292,208	$ 14,208,588
Net Direct Debt	(11,348,309)	(11,230,685)
	$ 2,943,899	$ 2,977,903
Net Direct Debt as represented by:		
Investment in Tangible Capital Assets	$ (2,668,221)	$ (2,403,259)
Accumulated Provincial (Deficits)	(8,680,088)	(8,827,426)
	$ (11,348,309)	$ (11,230,685)
Trust Funds under Administration (Note 7)	$ 7,513,752	$ 7,350,070

Prior Period Adjustment (Note 2)
Contingencies and Commitments (Note 11)
Subsequent Events (Note 12)
Comparative Figures (Note 13)
Expenses in Excess of Estimates (Note 15)

The accompanying schedules and notes are an integral part of these Consolidated Financial Statements.

Statement 2

Consolidated Statement of Operations

for the fiscal year ended March 31, 2001

($ thousands)

	2001	*2000* *(as restated)*
Revenue (Schedule 1)		
Provincial Sources	$ 2,734,658	$ 2,585,920
Federal Sources	1,965,075	1,903,624
Prior Years' Adjustments - Federal/Provincial Fiscal Arrangements	99,914	9,400
Other	439,441	431,006
Sinking Fund and Public Debt Retirement Fund Earnings	206,639	193,238
Total Revenue	5,445,727	5,123,188
Expenses (Schedule 2)		
Agriculture and Marketing	34,086	42,263
Business and Consumer Services	31,471	31,538
Community Services	581,700	583,320
Economic Development	80,368	103,097
Education	1,100,258	1,063,709
Assistance to Universities	203,489	197,232
Environment	43,138	44,002
Finance	8,704	9,638
Fisheries and Aquaculture	5,706	8,905
Health	1,909,996	1,951,879
Housing and Municipal Affairs	65,082	78,439
Human Resources	3,458	3,934
Justice	81,109	84,088
Labour	7,306	8,983
Natural Resources	50,881	55,832
Public Service	93,068	79,219
Tourism and Culture	38,384	40,479
Transportation and Public Works	245,317	236,258
Restructuring Costs	73,378	2,773
Pension Valuation Adjustment	(77,663)	(57,249)
Loss on Disposal of Crown Assets	321	—
Debt Servicing Costs (Note 9)	1,144,765	1,110,993
Total Expenses	5,724,322	5,679,332
Surplus (Deficit) from Government Service Organizations, on an Expense Basis	(278,595)	(556,144)
Net Income from Government Business Enterprises (Schedule 7)	296,993	295,136
Net Loss from Discontinued Government Business Enterprises (Schedule 7)	(50,885)	(60,653)
Surplus (Deficit) before Unusual Items, on an Expense Basis	(32,487)	(321,661)
Unusual Items		
Nova Scotia Resources Limited	179,825	—
Sydney Steel Corporation	—	(475,300)
Total Unusual Items (Note 3)	179,825	(475,300)
Provincial Surplus (Deficit), on an Expense Basis	$ 147,338	$ (796,961)

The accompanying schedules and notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Net Direct Debt

for the fiscal year ended March 31, 2001

($ thousands)

	2001	*2000* *(as restated)*
Net Direct Debt - as Originally Reported	$ (11,230,685)	$ (10,284,659)
Prior Period Adjustment (Note 2)	—	(10,701)
Comparative Figures Adjustment (Note 13)	—	(2,955)
Net Direct Debt - Beginning of Year	(11,230,685)	(10,298,315)
Add (Less):		
Provincial Surplus (Deficit), on an Expense Basis	147,338	(796,961)
Increase in Net Book Value of Tangible Capital Assets	(264,962)	(135,409)
Increase in Net Direct Debt	(117,624)	(932,370)
Net Direct Debt - End of Year	$ (11,348,309)	$ (11,230,685)

The accompanying schedules and notes are an integral part of these Consolidated Financial Statements.

Statement 4

Consolidated Statement of Cash Flow

for the fiscal year ended March 31, 2001

($ thousands)

		2001		2000 (as restated)
Cash Inflows (Outflows) from the following activities:				
Operations:				
Provincial Surplus (Deficit), on an Expense Basis	$	147,338	$	(796,961)
Sinking Fund and Public Debt Retirement Fund Earnings		(206,639)		(193,238)
Foreign Exchange Amortization		(9,416)		(8,863)
Amortization of Tangible Capital Assets and Social Housing Adjustment		157,726		137,769
Net Income from Government Business Enterprises		(246,108)		(234,483)
Net Change in Other Items (Note 10)		323,801		264,682
		166,702		(831,094)
Investing:				
Principal Repayment of Loans and Investments		191,450		152,863
Advances and Investing		(144,724)		(183,467)
Acquisition of Tangible Capital Assets		(427,106)		(277,809)
Net Proceeds from the Disposal of Tangible Capital Assets		4,418		4,631
Advances to Government Business Enterprises		(307,600)		134,789
		(683,562)		(168,993)
Financing:				
Debentures Issued		1,248,827		1,454,450
Capital Leases		237,064		105,832
Foreign Currency Swaps and Adjustments		115,361		80,109
Sinking Fund Instalments		(266,511)		(219,805)
Proceeds from Sinking Funds for Debt Repayment		138,532		214,814
Repayment of Debentures and Other Long-term Obligations		(1,026,645)		(459,945)
		446,628		1,175,455
Cash Inflows (Outflows)		(70,232)		175,368
Cash Position, Beginning of Year		445,377		270,009
Cash Position, End of Year	$	375,145	$	445,377
Cash Position as represented by:				
Cash and Short-term Investments	$	375,145	$	445,377

The accompanying schedules and notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Tangible Capital Assets

as at March 31, 2001

($ thousands)

	2001									2000
	Land	*Buildings and Land Improvements*	*Machinery Computers and Equipment*	*Ferries*	*Vehicles*	*Capital Leases*	*Roads, Bridges and Highways*	*Social Housing*	*Total*	*Total*
Cost of Tangible Capital Assets										
Opening Costs	$ 499,173	$ 1,683,422	$ 517,162	$ 9,241	$ 25,587	$ 206,332	$ 264,288	$ 406,537	$ 3,611,742	$ 3,361,798
Additions	3,712	68,203	76,120	—	5,755	236,112	37,204	—	427,106	277,809
Annual Adjustment to Social Housing	—	—	—	—	—	—	—	(8,502)	(8,502)	(7,912)
Disposals	(2,161)	(718)	(18,547)	—	(642)	(1,423)	—	(810)	(24,301)	(19,953)
Closing Costs	500,724	1,750,907	574,735	9,241	30,700	441,021	301,492	397,225	4,006,045	3,611,742
Accumulated Amortization										
Opening Accumulated Amortization	—	(711,330)	(337,518)	(8,193)	(15,141)	(23,285)	(113,016)	—	(1,208,483)	(1,093,948)
Disposals	—	536	17,390	—	556	1,401	—	—	19,883	15,322
Amortization Expenses	—	(37,907)	(54,415)	(210)	(3,942)	(22,367)	(30,383)	—	(149,224)	(129,857)
Closing Accumulated Amortization	—	(748,701)	(374,543)	(8,403)	(18,527)	(44,251)	(143,399)	—	(1,337,824)	(1,208,483)
Net Book Value	$ 500,724	$ 1,002,206	$ 200,192	$ 838	$ 12,173	$ 396,770	$ 158,093	$ 397,225	$ 2,668,221	$ 2,403,259
Opening Balance, April 1, 2000	$ 499,173	$ 972,092	$ 179,644	$ 1,048	$ 10,446	$ 183,047	$ 151,272	$ 406,537	$ 2,403,259	$ 2,267,850
Closing Balance, March 31, 2001	500,724	1,002,206	200,192	838	12,173	396,770	158,093	397,225	2,668,221	2,403,259
Increase (Decrease) in Net Book Value	$ 1,551	$ 30,114	$ 20,548	$ (210)	$ 1,727	$ 213,723	$ 6,821	$ (9,312)	$ 264,962	$ 135,409

Amortization is calculated on a declining balance basis or on a straight-line basis. The estimated useful lives and amortization percentages of the more common tangible capital assets are: buildings and land improvements (3-50 years, 4-5%); machinery, computers and equipment (3-20 years, 20-50%); ferries (20%); vehicles (3 years, 30%); and roads, bridges and highways (5-30%). Capital leases are amortized on a straight-line basis, 3-20 years or over the length of the relevant lease.

Social Housing Assets relate to the Housing Development Corporation. This entity does not track accumulated amortization separately. Thus, the closing cost of these assets is the net carrying value of the assets. Social Housing assets are amortized using the sinking fund method.

Included in the closing costs of the various classes as at March 31, 2001, are costs for assets under construction which have not started to be amortized. These costs are buildings - $35,142; machinery, computers and equipment - $5,234; capital leases - $1,311; and roads, bridges and highways - $7,042.

The accompanying schedules and notes are an integral part of these Consolidated Financial Statements.

Revenue

for the fiscal year ended March 31, 2001

($ thousands)

	2001	*2000* *(as restated)*
Provincial Sources		
Income Taxes	$ 1,397,904	$ 1,294,250
Sales Taxes	1,111,646	1,083,918
Other Provincial Revenue	225,108	207,752
	2,734,658	2,585,920
Federal Sources		
Equalization Payments	1,395,500	1,279,610
Equalization Offshore Revenue Offset	—	2,110
Canada Health and Social Transfer	526,054	527,920
Other Federal Payments	43,521	41,284
Federal Compensation for Harmonization	—	52,700
	1,965,075	1,903,624
Prior Years' Adjustments - Federal/Provincial Fiscal Arrangements		
Provincial Sources	78,156	55,751
Federal Sources	21,758	(46,351)
	99,914	9,400
Other Revenue	439,441	431,006
Sinking Fund and Public Debt Retirement Fund Earnings	206,639	193,238
Total Revenue	$ 5,445,727	$ 5,123,188

Expenses

for the fiscal year ended March 31, 2001

($ thousands)

	2001	2000 (as restated)
Agriculture and Marketing	$ 34,086	$ 42,263
Business and Consumer Services	31,471	31,538
Community Services	581,700	583,320
Economic Development		
Department of Economic Development	58,090	80,432
Nova Scotia Film Development Corporation	2,822	3,439
Nova Scotia Innovation Corporation	7,189	8,165
Trade Centre Limited	10,794	9,367
Waterfront Development Corporation Limited	1,473	1,694
	80,368	103,097
Education		
Department of Education	190,602	158,998
Annapolis Valley Regional School Board	88,963	90,418
Cape Breton Victoria Regional School Board	111,348	110,826
Chignecto-Central Regional School Board	133,860	131,785
College de l'Acadie	5,031	4,469
Conseil Scolaire Acadien Provincial	27,630	26,497
Halifax Regional School Board	287,336	289,578
Nova Scotia Community College	99,577	94,597
Southwest Regional School Board	93,137	95,401
Strait Regional School Board	62,774	61,140
	1,100,258	1,063,709
Assistance to Universities	203,489	197,232
Environment		
Department of Environment	12,380	15,393
Resource Recovery Fund Board Incorporated	30,758	28,609
	43,138	44,002
Finance	8,704	9,638
Fisheries and Aquaculture	5,706	8,905

Expenses

for the fiscal year ended March 31, 2001

(continued)

($ thousands)

	2001	*2000* *(as restated)*
Health		
Department of Health	714,088	752,399
Cape Breton Healthcare Complex	104,270	140,516
Central Regional Health Board	---	69,012
District Health Authority 1 (South Shore District Health Authority)	10,932	---
District Health Authority 2 (South West Nova District Health Authority)	14,048	---
District Health Authority 3 (Annapolis Valley District Health Authority)	16,713	---
District Health Authority 4 (Colchester East Hants District Health Authority)	9,955	---
District Health Authority 5 (Cumberland Health Authority)	7,600	---
District Health Authority 6 (Pictou County District Health)	10,287	---
District Health Authority 7 (Guysborough Antigonish-Strait Health Authority)	9,815	---
District Health Authority 8 (Cape Breton District Health Authority)	43,517	---
District Health Authority 9 (Capital District Health Authority)	511,521	---
Eastern Regional Health Board	43,742	58,901
Insured Prescription Drug Plan	104,160	100,863
Izaak Walton Killam Grace Health Centre	116,392	117,420
Northern Regional Health Board	78,057	101,964
Nova Scotia Hospital	—	44,434
Queen Elizabeth II Health Sciences Centre	—	413,816
Western Regional Health Board	114,899	152,554
	1,909,996	1,951,879
Housing and Municipal Affairs		
Department of Housing and Municipal Affairs	50,704	65,641
Nova Scotia Municipal Finance Corporation	653	778
Nova Scotia Housing Development Corporation	13,725	12,020
	65,082	78,439
Human Resources	**3,458**	**3,934**
Justice	**81,109**	**84,088**
Labour	**7,306**	**8,983**
Natural Resources	**50,881**	**55,832**
Public Service	**93,068**	**79,219**
Tourism and Culture	**38,384**	**40,479**
Transportation and Public Works	**245,317**	**236,258**

Expenses

for the fiscal year ended March 31, 2001

(continued)

($ thousands)

	2001	*2000* *(as restated)*
Restructuring Costs	73,378	2,773
Pension Valuation Adjustment	(77,663)	(57,249)
Loss on Disposal of Crown Assets	321	—
Debt Servicing Costs	1,144,765	1,110,993
Total Expenses	$ 5,724,322	$ 5,679,332

Loans and Investments

as at March 31, 2001

($ thousands)

	Loans and Investments	*Provisions*	*Net 2001*	*Net 2000*
Loans of the Consolidated Fund:				
Agriculture and Rural Credit Act	$ 171,888	$ 7,442	$ 164,446	$ 153,566
Business Development Corporation Act	185,180	42,457	142,723	152,406
Fisheries Development Act	52,610	1,117	51,493	42,081
Housing Development Act	39,332	3,408	35,924	33,973
Industrial Development Act	71,977	40,594	31,383	39,131
Venture Corporations Act	2,086	1,856	230	455
Loans to Municipalities:				
Funds provided by the Government of Canada	137	---	137	230
Municipal Loan and Building Fund Act	1,417	---	1,417	1,650
Special Reserve Fund - Municipal Loan and Building Fund	8	---	8	10
Miscellaneous	709	---	709	709
	525,344	96,874	428,470	424,211
Investments of the Consolidated Fund:				
Business Development Corporation Act	22,436	11,765	10,671	11,195
Halifax International Containers Limited - Investment of 8,000 Shares of Capital Stock at Par	---	---	---	8
Housing Development Act	5,218	3,081	2,137	2,547
Industrial Development Act	15,274	7,218	8,056	5,389
	42,928	22,064	20,864	19,139
Loans and Investments of Government Service Organizations:				
Izaak Walton Killam Grace Health Centre	---	---	---	1,987
Insured Prescription Drug Plan	10,979	---	10,979	9,287
Nova Scotia Innovation Corporation	12,009	---	12,009	13,957
Nova Scotia Municipal Finance Corporation	474,058	---	474,058	524,199
Other Government Service Organizations	990	---	990	1,316
	498,036	—	498,036	550,746
Total Loans and Investments	$ 1,066,308	$ 118,938	$ 947,370	$ 994,096

Loans and Investments

as at March 31, 2001

(continued)

AGRICULTURE AND RURAL CREDIT ACT

The Nova Scotia Farm Loan Board, a Provincial agency, provides loans to individuals, partnerships and corporations engaged in the farming industry. Loans are provided for the acquisition of real estate, the improvement of existing facilities and are generally secured by agreements of sale between the borrower and the Province. The Farm Loan Board issues loans at fixed rates, with various repayment schedules.

BUSINESS DEVELOPMENT CORPORATION ACT

The Nova Scotia Business Development Corporation is an agency of the Province established to encourage business development in the Province and to promote economic growth and employment opportunities by rendering financial and other assistance to business. Loans are primarily secured by first mortgages and by fixed and floating charges.

FISHERIES DEVELOPMENT ACT

The Province of Nova Scotia provides loans for the construction or purchase of vessels, machinery and other onboard fishing equipment. Loans are made to individuals, partnerships and corporations and are generally secured by first marine mortgages. Fisheries loans bear interest at prevailing market rates repayable on a seasonal repayment schedule.

HOUSING DEVELOPMENT ACT

The Housing Development Act enables the Nova Scotia Department of Housing and Municipal Affairs to provide subsidized mortgage loans for home ownership, and low interest loans for home repair or rehabilitation to low to moderate income households in Nova Scotia. The Housing Act also enables the Corporation to construct public housing projects and to develop and service land for resale. The Corporation continues to administer the existing programs even though there are no plans to develop new land or construct new housing projects.

INDUSTRIAL DEVELOPMENT ACT

The Province of Nova Scotia provides financial assistance to industries engaged in manufacturing and processing activities or natural resource extraction. Loans are primarily secured by first mortgages and by fixed and floating charge debentures.

VENTURE CORPORATIONS ACT

The Province of Nova Scotia provides a source of equity capital to registered Venture Corporations to encourage the development of small businesses in Nova Scotia. The Venture Corporations in turn provide assistance in the development of small enterprises by providing equity capital and business and managerial expertise.

LOANS TO MUNICIPALITIES - FUNDS PROVIDED BY THE GOVERNMENT OF CANADA

Loans were provided by the Government of Canada for municipal capital projects. The Province loaned these funds to municipalities under similar terms and conditions. Loans are for terms of 20 years and are evidenced by debentures covering principal and interest.

Loans and Investments

as at March 31, 2001

(continued)

MUNICIPAL LOAN AND BUILDING FUND ACT

Provincial loans to municipalities are for water and sewer systems, schools and municipal buildings. Loans are secured by municipal debentures.

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

The Corporation's purpose is to provide financing for the capital requirements of municipalities, school boards and hospitals by issuing its securities and re-lending the funds for these purposes. All municipalities and school boards, by legislation, must finance, and hospitals may finance, their capital requirements through the Corporation, except for capital projects funded directly by the Province of Nova Scotia, interim financing, and certain projects for which funds may be borrowed from the Government of Canada, the Province or other municipalities within the province. The Corporation utilizes the provincial guarantee and debt pooling techniques to meet clients' approved funding requirements at lower costs.

Unmatured Debt

as at March 31, 2001

($ thousands)

	2001			***2000***
		Sinking Funds Public Debt Retirement Fund		***(as restated)***
	Gross Debt	***and Defeasance Assets***	***Net Debt***	***Net Debt***
Government Service Organizations				
Consolidated Fund	$ 13,225,868	$ 3,061,441	$ 10,164,427	$ 9,735,707
Nova Scotia Housing Development Corporation	337,441	—	337,441	345,171
Nova Scotia Municipal Finance Corporation	166,616	—	166,616	303,768
Nova Scotia Power Finance Corporation	1,348,220	1,348,220	—	—
Waterfront Development Corporation Limited	10,100	—	10,100	12,600
Other	1,788	—	1,788	2,897
Unmatured Debt of Government Service Organizations	15,090,033	4,409,661	10,680,372	10,400,143
Government Business Enterprises				
Halifax-Dartmouth Bridge Commission	123,000	8,201	114,799	120,025
Highway 104 Western Alignment Corporation	80,780	—	80,780	78,734
Nova Scotia Gaming Corporation	94,947	—	94,947	—
Nova Scotia Liquor Commission	8,528	—	8,528	8,848
Debt of Government Business Enterprises	307,255	8,201	299,054	207,607
Total Unmatured Debt	$ 15,397,288	$ 4,417,862	$ 10,979,426	$ 10,607,750

Notes:

All debt is presented in Canadian dollar equivalents at par and after giving effect to currency swap contracts itemized in Note 5.

The current and long-term portions of unmatured debt of Government Service Organizations are shown on the Consolidated Statement of Financial Position with reference to this schedule. Debt of Government Business Enterprises is reflected in the Deficiency in Government Business Enterprises. Unmatured debt of Government Business Enterprises is included in Schedule 7.

Unmatured Debt

as at March 31, 2001
(continued)
($ thousands)

As at March 31, 2001, the Consolidated Fund held, at book value, total Sinking Funds and Public Debt Retirement Funds of $3,061.4 million. These funds were comprised of $2,120.3 million in Canadian assets and $941.1 million in US assets (US $607.1 million converted to CDN$ based on the underlying securities' effective foreign exchange rates). Total market value of both funds is $3,280.9 million at year end. During the year, contributions were $275.9 million, total earnings were $206.6 million, and redemptions were $376.8 million. Most Sinking Funds and all Public Debt Retirement Funds are subject to internal restrictions for repayment of debt.

Sinking fund assets are recorded at cost, which include premiums and discounts associated with the purchase of these investments. These premiums and discounts are amortized over the term of the related investment. The unamortized portion of the premiums and discounts are included as part of the value of the sinking funds. As at March 31, 2001, the unamortized net premium was $102.9 million.

Assets consist primarily of debentures of the Provinces and Government of Canada with fixed interest rates ranging from 5.38% to 13.5% for Canadian funds and 5.25% to 9.625% for US funds. Sinking fund payments normally commence on the first anniversary date of the issue of the debenture and are designed to retire the debt over a 20 year period unless the term of the issue is longer. At year end, the Province's Sinking Funds held $1,047.8 million (book value) worth of its own debentures which have a par value of $1,003.7 million.

As per the Nova Scotia Power Corporation Privatization Agreement passed in 1992, the Nova Scotia Power Finance Corporation provides for defeasance of its debt. The portfolio of defeasance assets consists of Nova Scotia Power Corporation, other provincial governments and utilities, Federal US bonds, coupons or residuals. The debt is shown net of defeasance assets on the Statement of Financial Position.

The following table outlines principal and sinking fund requirements for the Province over the next five years:

	Government Service Organizations			*Government*	
	Principal Repayments	*Sinking Fund Requirements*	*Total Cash Requirement*	*Business Enterprises*	*Total*
2002	$ 1,102,700	$ 294,138	$ 1,396,838	$ 7,262	$ 1,404,100
2003	1,332,507	329,809	1,662,316	7,342	1,669,658
2004	1,135,502	342,088	1,477,590	7,434	1,485,024
2005	956,418	353,944	1,310,362	7,533	1,317,895
2006	1,270,781	366,029	1,636,810	7,646	1,644,456
	$ 5,797,908	$ 1,686,008	$ 7,483,916	$ 37,217	$ 7,521,133

Gross Long-term Debt

as at March 31, 2001

($ thousands)

	Foreign Exchange Rate	*CDN $ Amount*	*Maturity Dates*	*Interest Rates*
Government Service Organizations:				
		Debentures		
Consolidated Fund				
Consolidated Fund (CDN $)		$ 8,856,115	2001 to 2027	5.1% to 15.43%
Consolidated Fund (US $2,104,343)	1.5774	3,319,391	2001 to 2011	7.25% to 9.5%
Consolidated Fund (Yen 50,000,000)	0.0126	628,000	2004 to 2014	4.9% to 5.5%
Consolidated Fund (UK £35)	2.2000	77	2011 to 2019	11.75% to 16.75%
Nova Scotia Municipal Finance Corporation		166,616	2001 to 2015	1.0% to 12.5%
Nova Scotia Power Finance Corporation				
Nova Scotia Power Finance Corporation (CDN $)		875,000	2001 to 2031	10.25% to 13.5%
Nova Scotia Power Finance Corporation (US $300,000)	1.5774	473,220	2021	9.4%
Total - Debentures		14,318,419		
		Loans		
Consolidated Fund - Government of Canada		73	2001 to 2002	7.161% to 7.5%
Consolidated Fund - Courthouse Debt		825	2011	8.375%
Nova Scotia Housing Development Corporation		337,441	2000 to 2034	4.0% to 21.5%
Waterfront Development Corporation Limited		10,100	Demand Loan	bank prime less 1.0%
Other		144	2006	non interest bearing
Total - Loans		348,583		
		Capital Leases		
Consolidated Fund		421,387	2005 to 2021	6.04% to 11%
Other		1,644	2001 to 2005	7.0% to 12.5%
Total - Capital Leases		423,031		
Total Long-term Debt of Government Service Organizations		15,090,033		

Gross Long-term Debt

as at March 31, 2001

(continued)

($ thousands)

	CDN $ Amount	*Maturity Dates*	*Interest Rates*
Government Business Enterprises:			
	Debentures		
Halifax-Dartmouth Bridge Commission	100,000	2007	5.95%
Highway 104 Western Alignment Corporation	80,780	2011 to 2026	10.13% to 10.76%
Total - Debentures	180,780		
	Loans		
Halifax-Dartmouth Bridge Commission	23,000	2007	floating (line of credit)
	Capital Obligations and Leases		
Nova Scotia Gaming Corporation	94,947		
Nova Scotia Liquor Commission	8,528		
Total - Capital Obligations and Leases	103,475	2012	13.8%
Total Long-term Debt of Government Business Enterprises	307,255		
Total Gross Long-term Debt	$ 15,397,288		

Call or Redemption Features:

Consolidated Fund

$1,173.0 million in CPP debentures are redeemable, in whole or in part, before maturity, on six months notice, at the option of the Minister of Finance of Canada.

Issue 9D, US $250.0 million, is redeemable on November 15, 2001 at the option of the bondholder.

Nova Scotia Power Finance Corporation

$175.0 million of the Canadian debentures are callable issues. Under the terms of the privatization agreement, all options must be exercised. The range of call dates is 2001 to 2002.

Direct Guarantees

as at March 31, 2001

($ thousands)

	Authorized	*Utilized*	
	2001	*2001*	*2000* *(as restated)*
Bank Loans:			
Industrial Development Act	$ 99,456	$ 85,056	$ 40,767
Nova Scotia Business Development Corporation	10,318	10,175	10,876
Nova Scotia Fisheries and Aquaculture Loan Board	3,565	3,278	3,235
Nova Scotia Innovation Corporation	115	115	115
Department of Education - Student Loan Program	33,257	33,257	---
Total - Bank Loan Guarantees	146,711	131,881	54,993
Promissory Notes:			
Nova Scotia Resources Limited (US $250,000,000)	384,350	4,200	---
Nova Scotia Resources Limited (US $241,761,276)	---	---	351,400
Nova Scotia Resources Limited to Canada-Nova Scotia Offshore Petroleum Board	17,500	17,500	17,500
Total - Promissory Note Guarantees	411,850	21,700	368,900
Mortgages:			
Nova Scotia Housing Development Corporation Act	211,003	211,003	204,760
Provincial Finance Act	601	601	660
Total - Mortgage Guarantees	211,604	211,604	205,420
Other Guarantees:			
Sydney Steel Corporation Performance Bonds (Includes US $ component $5,933,462)	9,719	9,719	9,568
Nova Scotia Resources Limited Service Contracts	---	---	212,351
Trade Centre Limited	3,000	3,000	---
Total - Other Guarantees	12,719	12,719	221,919
Total - Direct Guarantees	$ 782,884	377,904	851,232
Less: Provision for Guarantee Payout:			
Industrial Development Act		(4,616)	(3,349)
Nova Scotia Business Development Corporation		(5,444)	(3,434)
Department of Education - Student Loan Program		(12,000)	---
Nova Scotia Housing Development Act		(8,400)	(9,352)
Nova Scotia Resources Limited		---	(368,900)
		(30,460)	(385,035)
Net Direct Guarantees Not Provided for in these Statements		$ 347,444	$ 466,197

Direct Guarantees
as at March 31, 2001
(continued)

INDUSTRIAL DEVELOPMENT ACT

The Province of Nova Scotia provides guarantees to lenders who make loans to approved businesses which are engaged in development activities qualifying under the Industrial Development Act. The guarantees include repayment of interest and principal to lenders financing these businesses. Guarantees are limited to the amount as authorized by individual loan guarantees by the Governor-in-Council.

NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION

The Province of Nova Scotia provides guarantees to lenders who make loans to approved businesses which are engaged in development activities qualifying under the Business Development Act. The guarantees include repayment of interest and principal to lenders financing these businesses. Guarantees are limited to the amount as authorized for loan guarantees by the Governor-in-Council.

NOVA SCOTIA FISHERIES AND AQUACULTURE LOAN BOARD

The Province of Nova Scotia provides guarantees to lenders who make loans to approved businesses which are engaged in development activities qualifying under the Fisheries Development Act. The guarantees include repayment of interest and principal to lenders financing these businesses. Guarantees are limited to the amount as authorized for loan guarantees by the Governor-in-Council.

NOVA SCOTIA INNOVATION CORPORATION

The Nova Scotia First Fund was established by Governor-in-Council to encourage the development of high technology industries and to encourage the adoption of new technologies by existing industries. With regard to this Fund, the Corporation has a guarantee in the amount of $115,000.

DEPARTMENT OF EDUCATION - STUDENT LOAN PROGRAM

The Province of Nova Scotia assumed liability from the banking sector for the Student Loan Program in fiscal 2000-2001, requiring the provision of guarantees to lenders for those loans obtained by students after August 1, 2000 under the Nova Scotia Student Aid Act.

NOVA SCOTIA RESOURCES LIMITED

As evidence of financial responsibility regarding the abandonment of the Sable Offshore Energy Project, the Company has issued a $4.2 million letter of credit to the Canada-Nova Scotia Offshore Petroleum Board. The letter of credit was guaranteed by the Province of Nova Scotia. The guarantee expired in July 2001.

As evidence of financial responsibility regarding the abandonment of the Cohasset/Panuke Project, the Company has issued a demand promissory note to the Canada-Nova Scotia Offshore Petroleum Board in the amount of $17.5 million. The note is guaranteed by the Province of Nova Scotia.

Direct Guarantees

as at March 31, 2001

(continued)

NOVA SCOTIA HOUSING DEVELOPMENT CORPORATION ACT

Pursuant to the October 1, 1997 Social Housing Transfer Agreement, the Corporation is required to indemnify Canada Mortgage and Housing Corporation against future losses related to its insured portfolio of 533 loans for Nova Scotia. The Corporation has a total of 30 mortgage guarantees as at March 31, 2001 (28 as at March 31, 2000) for interest and principal to lenders financing certain housing projects.

PROVINCIAL FINANCE ACT

Under the authority granted in the Provincial Finance Act, the Province of Nova Scotia provides direct guarantees of interest and principal to lenders financing certain projects.

SYDNEY STEEL CORPORATION

When in active operations, the Company provided customers with performance bonds guaranteed by the Province of Nova Scotia. Although the Company is no longer operating, there are US $5.93 million and CDN $0.36 million in performance bonds which the Province of Nova Scotia has guaranteed until the last one expires on January 30, 2006. No provisions have been recorded as the Company retains sufficient cash to cover any expense resulting from these guarantees.

TRADE CENTRE LIMITED

The Trade Centre Limited has entered into a contract in which it has guaranteed a minimum profit in the amount of $3.0 million to the Canadian Hockey Association in connection with the hosting of the World Junior Hockey Championship by the Halifax Metro Centre in 2003.

Government Business Enterprises

as at March 31, 2001

($ thousands)

	2001									2000
	Halifax-Dartmouth Bridge Commission *	*Highway 104 Western Alignment Corporation*	*Nova Scotia Gaming Corporation*	*Nova Scotia Liquor Commission*	*Nova Scotia Resources Limited*	* *Nova Scotia Resources Limited Adjustments*	*Sydney Steel Corporation*	* *Sydney Steel Corporation Adjustments*	*Total*	*Total*
Cash	$ 3,661	$ 430	$ 24,114	$ 6,576	$ 10,167	$ —	$ 20,484	$ (20,484)	$ 47,178	$ 20,211
Accounts Receivable	149	148	—	3,117	11,423	—	15,783	(15,783)	14,834	24,463
Inventory	—	25	2,500	18,804	—	—	4,492	(4,492)	18,329	70,550
Fixed Assets	76,805	117,521	114,693	15,171	189,445	(187,946)	1	(1)	325,489	424,686
Other Assets	16,180	11,707	5,333	245	—	—	—	—	33,446	24,294
Total - Assets	96,795	129,831	146,640	43,913	211,035	(187,946)	40,760	(40,760)	440,278	564,204
Accounts Payable	1,225	328	1,298	35,385	14,663	—	10,994	(10,994)	52,899	67,526
Long-term Debt	123,000	80,780	94,947	8,528	—	—	—	—	307,255	210,582
Other Liabilities	3,105	52,903	50,395	—	12,838	(957)	3,316	(3,316)	118,284	860,513
Total - Liabilities	127,330	134,011	146,640	43,913	27,501	(957)	14,310	(14,310)	478,438	1,138,621
Equity (Deficit)	(30,535)	(4,180)	—	—	183,534	(186,989)	26,450	(26,450)	(38,160)	(574,417)
Total Liabilities and Equity (Deficit)	$ 96,795	$ 129,831	$ 146,640	$ 43,913	$ 211,035	$ (187,946)	$ 40,760	$ (40,760)	$ 440,278	$ 564,204
Revenue	$ 23,136	$ 12,164	$ 481,778	$ 376,404	$ 78,668	$ —	$ 66,335	$ (66,335)	$ 942,151	$ 944,232
Expenses	11,228	4,320	285,509	238,005	51,984	—	75,557	(75,557)	591,046	692,954
Debt Servicing Costs	7,302	8,163	10,727	1,216	77,569	—	2,534	(2,534)	104,997	16,795
Special Closure Costs	—	—	—	—	—	—	43,932	(43,932)	—	—
Total - Expenses	18,530	12,483	296,236	239,221	129,553	—	122,023	(122,023)	696,043	709,749
Net Income/(Loss)	$ 4,606	$ (319)	$ 185,542	$ 137,183	$ (50,885)	$ —	$ (55,688)	$ 55,688	$ 246,108	$ 234,483

* Note: The Halifax-Dartmouth Bridge Commission has included $8,201 in its Other Assets, which is restricted for the purposes of paying down the Toll Revenue Bonds. Therefore, the Long-term Debt net of sinking funds is $114,799.

Nova Scotia Resources Limited was reported as a discontinued operation as at March 31, 2001.

Sydney Steel Corporation was reported as a discontinued operation as at March 31, 2000.

Government Business Enterprises

as at March 31, 2001
(continued)

HALIFAX-DARTMOUTH BRIDGE COMMISSION

The Commission is incorporated by Special Statute of the Province of Nova Scotia. The purpose of the Commission is to construct, maintain and operate bridges and their necessary approaches across the Halifax Harbour, between the communities of Halifax and Dartmouth, and across the North West Arm. Bridge tolls are regulated by the Nova Scotia Utility and Review Board, a provincially controlled public sector entity. The Commission's fiscal year end is December 31. At March 31, 2001, the Commission owed $23.0 million to the Province's Consolidated Fund for a revolving line of credit. The Commission records depreciation on bridge assets using the straight-line method and uses the declining balance method for all other assets. Included in other assets is a reserve fund in the amount of $9.6 million, $8.2 million of which is restricted for repayment of principal, interest and fees on Toll Revenue Bonds as established under the terms of the trust indenture.

HIGHWAY 104 WESTERN ALIGNMENT CORPORATION

The Corporation has been established to finance, design, construct, operate and maintain a 45 km stretch of highway between Masstown and Thomson Station in the counties of Colchester and Cumberland, Nova Scotia. The Province of Nova Scotia retains ownership of the highway. The Corporation is granted the right to operate the highway and collect tolls for a 30 year period, pursuant to an agreement dated April 1, 1996, after which time the right will revert back to the Province. In addition, the Corporation has entered into an operating agreement with the Province, whereby compensation is based on the annual operating budget plus a variable fee. The Corporation's fiscal year end is March 31. The Corporation records depreciation using the sinking fund method. Restricted assets, consisting of short-term investments in the amount of $10.5 million, are included in other assets. These reserve accounts were established in accordance with trust indenture agreements between the Corporation and bondholders.

The Province of Nova Scotia has contributed $55.0 million toward construction of the highway, one-half of which was recovered from the Federal Government under the Canada-Nova Scotia Strategic Highway Improvement Program.

NOVA SCOTIA GAMING CORPORATION

The Corporation was incorporated on February 15, 1995 by Chapter 4 of the Gaming Control Act of 1994-95. The purpose of the Corporation is to develop, undertake, organize, conduct and manage casinos and other lottery business on behalf of the Province. The Corporation's fiscal year end is March 31.

The revenues of the Corporation are derived from two casinos located in Halifax and Sydney and the Atlantic Lottery Corporation. The net balance owing to the Province at March 31, 2001 was $13.7 million.

The Nova Scotia Gaming Corporation was guaranteed revenues of $25.0 million from the Halifax and Sydney casinos in each of the four years commencing August 1, 1995. The "total provincial revenue" includes the aggregate of casino win tax paid to the Province, annual registration fees paid to the Nova Scotia Alcohol and Gaming Authority and the share of profit allocated to the Nova Scotia Gaming Corporation, as described in an operating contract between the Metropolitan Entertainment Group (the Operator), Sheraton International Inc. and the Corporation.

Government Business Enterprises

as at March 31, 2001
(continued)

NOVA SCOTIA GAMING CORPORATION

(continued)

If "total provincial revenue" falls below the $25.0 million requirement in any year of the guarantee period, the Operator is obligated to pay the shortfall. The Operator was entitled to recover any shortfall amounts paid to the extent that the Province's revenue exceeds $25.0 million in any year through to July 31, 2000. Under this income guarantee, a net amount of $12.1 million was paid by the Operator to the Corporation for the five year period ended July 31, 2000.

During the year, the Corporation retroactively changed its method of accounting for casino capital assets. These assets have been recorded as fixed assets in its financial statements.

The Corporation is required to reimburse the Operator for approved development costs of the Halifax and Sydney casinos. The net present value of the remaining obligations for casinos is approximately $94.9 million.

Unclaimed prizes are retained by the Corporation in a prize fund for one year from the announced beginning date of the draw. At March 31, 2001, this amounted to $7.0 million.

Video Lottery Terminal (VLT) retailers in Nova Scotia have agreed, under the terms of their retailer agreements with the Atlantic Lottery Corporation Inc. to contribute 1% of their VLT commission to the Nova Scotia Gaming Foundation. The Corporation has agreed to contribute an amount equal to all contributions made by the VLT retailers.

The Corporation has agreed to an annual contribution of $1.0 million annually to the Department of Health to provide funds for programs related to problem gambling. The Corporation will provide up to $1.0 million in funds in fiscal 2001-2002 for the harness industry in Nova Scotia.

NOVA SCOTIA LIQUOR COMMISSION

The Commission derives its mandate from the Liquor Control Act, Chapter 260 of the Revised Statutes of Nova Scotia, 1989. The Commission operates retail sales locations across the province. Its fiscal year end is March 31. The net balance owing to the Province at March 31, 2001 was $16.85 million.

NOVA SCOTIA RESOURCES LIMITED

The Company has a 50% working interest in the Panuke and Cohasset oil fields offshore Nova Scotia that were in production from 1992 to 1999. The Company has an 8.4% working interest in the Sable Offshore Energy Project gasfields which started commercial production on December 31, 1999. It also has significant discovery licenses and gross royalty on Deep Panuke/Cohasset gasfield.

Government Business Enterprises

as at March 31, 2001

(continued)

NOVA SCOTIA RESOURCES LIMITED

(continued)

The Company's carrying value of oil and gas properties is $187.9 million at December 31, 2000. The Company compared the net recoverable amount based on commodity prices at December 31, 1999 to the carrying value of the oil and gas properties and has determined that no write down is required. Net losses for its fiscal years ended November 30, 2000 and December 31, 1999, amounted to $50.9 million and $26.2 million respectively. The Company records depletion expense on a unit of production basis.

During the year, the Province proceeded with its plan to sell NSRL. In November 2000, the Company's $796.4 million debt was fully assumed by the Province. Purchase and Sale Agreements were negotiated in February 2001, under which most of the oil and gas properties and related liabilities and commitments were sold as at December 1, 2000 with closing dates of June 15, 2001 and July 31, 2001. As a result, this schedule has been adjusted for provisions for the sale recorded by the Province for the discontinued operations of the Company. The Province has recorded its net loss from NSRL based on the November 30, 2000 figures to reflect its limited responsibility for NSRL's operations to the sale date (See Note 3 - Unusual Items).

SYDNEY STEEL CORPORATION

The Sydney Steel Corporation (Sysco), a Provincial Crown corporation established by an Act of the Legislature, operated a steel mill at Sydney, Nova Scotia.

Sysco recorded losses for its fiscal years ended December 31, 2000 and 1999 of $55.7 million and $34.5 million respectively. Plans to sell Sysco collapsed during the year when the intended buyer pulled out of the negotiated deal. Still, operations wound down and work is underway to dismantle and sell off the assets. As such, Sysco's Balance Sheet for 2000 has been reported on a liquidation basis. The schedule has been adjusted to reflect the discontinued operations already accounted for in the prior year (See Note 3 - Unusual Items).

Reporting Entity

as at March 31, 2001

Listed below are the entities included in the government reporting entity.

Government Service Organizations (Consolidation Method)

Annapolis Valley Regional School Board
Art Gallery of Nova Scotia
Bedford Waterfront Development Corporation
Cape Breton Healthcare Complex
Cape Breton Victoria Regional School Board
Central Regional Health Board
Check Inns Limited
Chignecto-Central Regional School Board
College de l'Acadie
Conseil Scolaire Acadien Provincial
Consolidated Fund (1)
District Health Authority 1 (South Shore District Health Authority)
District Health Authority 2 (South West Nova District Health Authority)
District Health Authority 3 (Annapolis Valley District Health Authority)
District Health Authority 4 (Colchester East Hants District Health Authority)
District Health Authority 5 (Cumberland Health Authority)
District Health Authority 6 (Pictou County District Health)
District Health Authority 7 (Guysborough Antigonish-Strait Health Authority)
District Health Authority 8 (Cape Breton District Health Authority)
District Health Authority 9 (Capital District Health Authority)
Eastern Regional Health Board
Fisheries and Aquaculture Development Fund
Halifax Regional School Board
Industrial Expansion Fund
Insured Prescription Drug Plan Trust Fund
Izaak Walton Killam Grace Health Centre
Law Reform Commission
Northern Regional Health Board
Nova Scotia Arts Council
Nova Scotia Business Development Corporation
Nova Scotia Community College
Nova Scotia Crop and Livestock Insurance Commission
Nova Scotia Farm Loan Board
Nova Scotia Film Development Corporation
Nova Scotia Freedom of Information and Protection of Privacy Review Office
Nova Scotia Gaming Foundation
Nova Scotia Harness Racing Incorporated
Nova Scotia Health Research Foundation
Nova Scotia Hospital
Nova Scotia Housing Development Corporation
Nova Scotia Innovation Corporation
Nova Scotia Legal Aid Commission
Nova Scotia Municipal Finance Corporation
Nova Scotia Police Commission
Nova Scotia Power Finance Corporation
Nova Scotia Primary Forest Products Marketing Board
Nova Scotia Utility and Review Board
Novaco Limited
Provincial Community Pastures Board
Provincial Drug Distribution Program
Public Archives
Queen Elizabeth II Health Sciences Centre
Resource Recovery Fund Board Incorporated
Rockingham Terminal Incorporated
Sherbrooke Restoration Commission
Southwest Regional School Board
Strait Regional School Board
Sydney Environmental Resources Limited
Tidal Power Limited
Trade Centre Limited
Upper Clements Family Theme Park Limited
Waterfront Development Corporation Limited
Western Regional Health Board

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(1) - Includes all departments and public service units of the Nova Scotia Provincial Government.

Reporting Entity

as at March 31, 2001

(continued)

Government Business Enterprises

(Modified Equity Method)

Halifax-Dartmouth Bridge Commission
Highway 104 Western Alignment Corporation
Nova Scotia Gaming Corporation
Nova Scotia Liquor Commission
Nova Scotia Resources Limited
Sydney Steel Corporation

Government Partnership Arrangements

(Proportionate Consolidation Method)

Atlantic Provinces Special Education Authority (approximately 54% share)
Canadian Blood Services (approximately 4% share)
Council of Maritime Premiers (approximately 51% share)
Canada-Nova Scotia Offshore Petroleum Board (50% share)
National Sports Centre Atlantic (approximately 6% share)

Government Business Partnership Arrangements

(Proportionate Modified Equity Method)

Interprovincial Lottery Corporation (1 of 10 shares)

1. FINANCIAL REPORTING AND ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector, which for purposes of the Province's financial statements are represented by accounting recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA accounting standards or pronouncements.

These consolidated financial statements have been prepared using the following significant accounting policies:

a) The Consolidated Reporting Entity

The consolidated reporting entity is comprised of the Consolidated Fund, Government Service Organizations, Government Business Enterprises, Government Partnership Arrangements and Government Business Partnership Arrangements. This represents the entities which are accountable for the administration of their financial affairs and resources either to a Minister of the government or directly to the House of Assembly and are owned or controlled by the government.

Trusts administered by the Province are excluded from the reporting entity and are disclosed separately on the Statement of Financial Position for information purposes only.

b) Principles of Consolidation

The accounts of Government Service Organizations are consolidated on a line-by-line basis after adjusting the accounting policies to be consistent with those described in Note 1(c), with the exception of Tangible Capital Assets. Significant inter-organization accounts and transactions are eliminated.

A Government Business Enterprise is a self-sustaining organization which has the financial and operating authority to sell goods and services to individuals and non-government organizations as its principal activity and source of revenue. Government Business Enterprises have been accounted for on the modified equity basis which does not require any accounting policy adjustments. Their deficits are included in these consolidated financial statements on the Statement of Financial Position. Their net income and net loss are shown as separate line items on the Statement of Operations.

A Government Partnership is a contractual arrangement between the government and a party or parties outside the reporting entity. The partners have significant clearly defined common goals, make a financial investment in the partnership, share control of decision making, and share, on an equitable basis, the significant risks and benefits associated with the operations of the government partnership. Where significant, government's interest in partnerships are proportionately consolidated.

A Government Business Partnership is a government partnership that sells goods and services to individuals and organizations outside the partnership as its principal activity, and has been delegated the financial and operational authority to carry on a business. Where significant, government's interest in a business partnership is accounted for on the proportionate modified equity basis.

A complete listing of the organizations within the Government Reporting Entity is provided in Schedule 8.

Financial results from fiscal year end to March 31, 2001 for Government Business Enterprises whose fiscal year ends are not March 31 were not significant to these financial statements so they have not been adjusted. Other adjustments have been made as noted on Schedule 7 regarding Nova Scotia Resources Limited and Sydney Steel Corporation.

c) Significant Accounting Policies

Revenues

Revenues are recorded on the accrual basis. The main components of revenue are interest, various taxes and legislated levies. Revenues from Personal and Corporate Income Taxes, Federal Equalization Payments and Canada Health and Social Transfers are accrued in the year earned based upon estimates using statistical models. These federal revenues are recorded at the net amount estimated, after considering adjustments for tax credits and administrative costs related to the collection and processing performed by the federal government. Revenue from the oil and gasfields from offshore Nova Scotia is recorded at current sales prices once the product is delivered.

Expenses

Expenses are recorded on the accrual basis and include the cost of supply inventories purchased during the year. Net expenses include recoveries and fees which are directly related to the expenses and are not normally considered to be revenues. Recoveries and fees may include insignificant amounts from other Government Service Organizations, departments and public service units. Gross expenses, before the impact of recoveries, are reported in Note 8 - Expenses By Object. Grants are recognized in the period during which both payment is authorized and any eligibility criteria are met. Provisions are made for probable losses on certain loans, investments, loan guarantees, accounts receivable, advances, forgivable loans and for contingent liabilities when it is likely that a liability exists and the amount can be reasonably determined. These provisions are updated as estimates are revised, at least annually.

Assets

Cash and Short-term Investments are recorded at cost which approximates market value. Investments normally include R-1 (mid to high) rated Bankers' Acceptance, term deposits and commercial paper with fixed interest rates averaging 5.01% and are for terms of 1 to 14 days.

Accounts Receivable and Advances are recorded at the principal amount less valuation allowances.

Inventories consist of items held for resale. All other items are expensed in the period.

Loans and Investments are recorded at cost less adjustments for concessionary assistance and any prolonged impairment in value. Concessionary assistance consists of subsidies provided by a department of government. Any loan write-offs must be approved by the Governor-in-Council. Loans usually bear interest at approximate market rates and normally have fixed repayment schedules.

Unamortized Foreign Exchange Translation Gains and Losses result when debentures payable in foreign currencies, accrued interest thereon, and sinking funds invested in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at March 31. Foreign exchange gains and losses on the translation of foreign currency are amortized on a straight-line basis over the remaining term of the related monetary issue.

Premiums and Discounts, as well as underwriting commissions relating to the issuance of debentures, are deferred and amortized over the term of the related investment. Amortization and realized foreign exchange gains and losses, premiums and discounts relating to debt balances and serial retirements are charged to debt servicing costs. Amortization and realized foreign exchange gains and losses relating to sinking fund balances and instalments are netted against sinking fund earnings.

Tangible capital assets have useful lives extending beyond the accounting period, are held for use in the production or supply of goods and services and are not intended for sale in the ordinary course of operations. Tangible capital assets are recorded on the Statement of Tangible Capital Assets at net historical cost (or estimated cost when the actual cost is unknown) and include all costs directly attributable to the acquisition, construction, development and installation of the tangible capital asset, except interest. Tangible capital assets include land, buildings, major equipment, computer equipment and software, vehicles, ferries, roads, highways and bridges. Tangible capital assets do not include intangibles or assets acquired by right such as forests, water and mineral resources or works of art and historical treasures.

Liabilities

Bank Advances and Short-term Borrowings are generally for less than 120 days and are recorded at a value which approximates market value. Short-term borrowings had a fixed average interest rate of 5.16% on CDN dollar borrowings.

Unmatured Debt consists of debentures and various loans in Canadian and foreign currencies and capital leases. Debt is recorded at par, net of sinking funds.

Sinking Fund and Public Debt Retirement Fund objectives are to manage short-term liquidity, to manage interest rate and currency exposure and to assist in the orderly refunding of maturing debt while maximizing the long-term investment return to the Province. Sinking fund payments usually commence on the first anniversary date of the issue and are generally designed to retire the debt over a 20 year period or the term of the issue, whichever is longer. Sinking Fund and Public Debt Retirement Fund investments are recorded at cost and consist primarily of debentures of the Province of Nova Scotia, other provincial governments and the Government of Canada. Sinking funds for US currency debentures are invested in US dollar denominated investments. Premiums and discounts on sinking funds are deferred and amortized over the life of the investment. Amortization and realized gains and losses for premiums and discounts relating to sinking fund balances and instalments are netted against sinking fund earnings.

Pension, Retirement and Other Obligations include various employee benefits. For purposes of these financial statements, the Province's pension liabilities are calculated using an accrued benefits actuarial method and using accounting assumptions which reflect the Province's best estimates of performance over the long-term. The net pension liability represents accrued pension benefits less the market value of pension assets (if applicable) and the balance of unamortized experience gains and losses. The Public Service Superannuation Plan, the Teachers' Pension Plan, the Sydney Steel Corporation Pension Fund and the Long-term Disability Plan each have separate funds. The Province also maintains accounts within the Consolidated Fund for other pension and retirement obligations as described in Note 7. Pension expense includes the value of pension benefits earned in the period and the amortization of experience gains and losses. Related interest is charged or credited to debt servicing costs. Other obligations include self-insured workers' compensation and long-term disability benefits. These amounts are assessed each year at March 31 and any adjustments are charged or credited to expenses.

Net Direct Debt represents the direct liabilities of the Province less realizable assets and unamortized foreign exchange translation gains and losses and premiums and discounts on outstanding debenture issues. Disclosure on the Statement of Financial Position indicates the significant portion of Net Direct Debt arising from Investment in Tangible Capital Assets.

d) Measurement Uncertainty

Measurement uncertainty exists in financial statements when recorded amounts are based on assumptions or estimates. Accuracy of these numbers depends on the completeness and quality of information available when the recorded amount is derived. There could be significant variances among the estimates recorded, the actual results achieved and another reasonable estimate. For example, revenues from Personal and Corporate Income Taxes, Federal Equalization Payments and Canada Health and Social Transfers are accrued in the year earned based on estimates using statistical models. Also, pension obligations are recorded based on various assumptions about plan members and economic conditions in the marketplace.

2. PRIOR PERIOD ADJUSTMENT

The Province has changed its accounting policy for sinking fund investment premiums and discounts. Premiums and discounts will be deferred and amortized over the term of the investments instead of being recognized only when the investments are sold or redeemed. The impact of this change is a $15.8 million increase in the fiscal 2001 surplus, a $23.7 million increase in the fiscal 2000 deficit and a $10.7 million increase in Net Direct Debt as at March 31, 1999.

3. UNUSUAL ITEMS

The Unusual Items disclosed on the Statement of Operations represent accounting provisions established for the sale of certain assets of Nova Scotia Resources Limited (NSRL) and the closure of Sydney Steel Corporation (Sysco). The provisions are comprised of the following:

	2001	*2000*
Nova Scotia Resources Limited		
Proceeds on sale of assets	$ 355.0	$ —
Net book value of assets	(187.0)	—
Interest and revenue adjustments	17.9	—
Costs related to sale	(6.1)	—
Sydney Steel Corporation		
Losses to October 31, 2000	—	(14.0)
Expected Loss on the Sale of Assets	—	(46.0)
Severance Liabilities	—	(10.3)
Unfunded Pension Liabilities	—	(86.5)
Environmental Remediation of Sysco and adjacent sites	—	(250.0)
Environmental Remediation of the Sydney Tar Ponds Site	—	(68.5)
Total - Unusual Items - Net Gain (Net Expense)	$ 179.8	$ (475.3)

Nova Scotia Resources Limited (NSRL)

During the year, the Province continued its search for potential buyers of NSRL. Negotiations proceeded with a group of companies and on February 6, 2001, the Province secured signed Purchase and Sale agreements for the sale of certain assets for a stated price of $355 million. All relevant parties declined their "rights of first refusal" to purchase these assets and the sale officially closed in two parts on June 15, 2001 and July 31, 2001.

The gain from the sale of the assets net of related costs is included as an Unusual Item on the Statement of Operations. for purposes of these financial statements, the sold assets have been removed from NSRL's accounts, as reflected by the adjustments on Schedule 7, Government Business Enterprises. The sale of NSRL shares has not been finalized and no amounts have been recorded in these financial statements.

Sydney Steel Corporation (Sysco)

During the year, the sale of Sysco collapsed so the facilities were closed permanently. All employees were provided with applicable severances and early retirements. Provisions of $475.3 million recorded in 2000 for the closure were charged for any ongoing expenses. As at March 31, 2001 expenses of $64.3 million were incurred and the remaining provisions were considered sufficient for estimated future costs. The Company continues to dismantle its plant and equipment and wind down any operational commitments and guarantees.

4. RESTRICTED CASH AND SHORT-TERM INVESTMENTS

As at March 31, 2001, restricted cash and short-term investments of $30.7 million ($25.4 million as at March 31, 2000) have been designated for restricted purposes by parties external to the Province.

5. DERIVATIVE FINANCIAL INSTRUMENTS

The Province is a party to financial instruments with off-balance sheet risk, either to hedge against the risks associated with fluctuations in foreign currency exchange rates or to manage risks associated with interest rate fluctuations. Foreign currency contracts are used to convert the liability for foreign currency borrowings and associated costs into Canadian or US dollars. Interest rate contracts are used to vary the amounts and periods for which interest rates on borrowing are fixed or floating. Foreign exchange contracts include forward and future contracts, swap agreements and options. Interest rate contracts include forward rate agreements, future contracts, swap agreements and options on swaps, and deferred rate setting agreements.

The Province has executed the following swap contracts to convert certain interest payments from a fixed to floating, from floating to fixed, floating to floating or fixed to fixed basis for the fiscal year ended March 31, 2001:

# of Swaps	Currency	Notional Principal ($ thousands)	Term Left to Maturity (years)	Reset Index	Spread	Mark to Market * ($ millions)
94	CDN $	1,262,461	1 to 21	3 mth CAD-BA-CDOR	-0.17 to +0.12	(11.98)
13	US $	1,207,597	1 to 21	3 mth USD-LIBOR	no spread	
				3 mth CAD-BA-CDOR	+0.045 to +0.065	189.35
3	UK pound	143,215	1 to 3	6 mth GBP-LIBOR-BBA	-0.095 to +2.96	
				6 mth USD-LIBOR-BBA	+2.68	(17.41)
1	Euro	50,000	9	not applicable		6.75
111						166.71

* Mark to Market is an indication of the swap's market value as at March 31, 2001. This represents the estimated realizable gain and is equivalent to the present value of future interest savings based on market conditions as at March 31, 2001.

The Province has also executed several currency swap contracts to convert foreign denominated debt into Canadian or US dollar denominated debt as follows:

Termination Date	Original Currency	Original Principal ($ thousands)	Current Currency	Current Principal ($ thousands)
April 18, 2001	UK pound	60,000	US $	98,736
April 30, 2001	UK pound	23,215	US $	38,204
March 15, 2016	US $	150,000	CDN $	205,725
March 1, 2020	US $	300,000	CDN $	409,200
April 1, 2022	US $	182,597	CDN $	247,967
May 14, 2001	US $	375,000	CDN $	552,223
February 24, 2010	Euro	50,000	CDN $	72,235

6. PENSION, RETIREMENT AND OTHER OBLIGATIONS

a) Description of Obligations

Employees of the Province and certain other entities are entitled to receive pension benefits from the Province's Consolidated Fund and several separate pension funds administered by the Province of Nova Scotia. These pensions are defined benefit plans and the pension liabilities are adjusted each year on an accrued benefit basis to reflect the net actuarial position of the plan to date. The Province records the full amount of any unfunded pension or retirement liability. For the Public Service Superannuation Plan (PSSP) and the Nova Scotia Teachers' Pension Plan (TPP), the Province records the full unfunded liability, but records only its 50% share of any surplus in the PSSP and TPP as it shares any surplus equally with the members.

l) Pension and Retirement Obligations

The following is a general description of the various plans, including benefit formulae:

Public Service Superannuation Plan (PSSP)

The plan invests in Canadian and foreign equities, bonds, debentures, mortgages and money market securities. Investments held in the Fund include debentures of the Province of Nova Scotia and the Nova Scotia Municipal Finance Corporation with a total market value of $57 million as at March 31, 2001.

Employees are required to contribute 5.4% of earnings up to the Year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan (CPP) and 7% of any earnings over the YMPE. Contributions are matched by the Province and participating agencies.

Pension benefits are based on average salary during the five highest earning years at the rate of 2% per year of contributions. Normal retirement age is considered to be age 65. Eligible employees may elect early retirement as early as age 50; integration with CPP reduces benefits after age 65. If early eligibility criteria are not met, employees may elect early retirement as early as age 55 on an actuarially reduced pension basis. Pensions are inflation protected to the lesser of 6% or the increase in the Consumer Price Index (CPI).

In the event there are insufficient funds within the PSSP to make all payments required by the Act, the Province guarantees cash flow assistance.

Nova Scotia Teachers' Pension Plan (TPP)

The plan invests in Canadian and foreign equities, bonds, debentures, mortgages and money market securities. Investments held in the Fund include debentures of the Province of Nova Scotia and the Nova Scotia Municipal Finance Corporation with a total market value of $72 million as at March 31, 2001.

Pursuant to an agreement with the Nova Scotia Teachers' Union in 1993, amendments were made to the Teachers' Pension Act (Schedules A and B) regarding amounts which the Province would pay to the Pension Fund. Schedule A was paid out in 1997. Under Schedule B, the Province is committed to making a series of payments which began at $10.0 million per annum in 1993, increased by 7.5% each year thereafter until 2003. The present value of these future payments as at March 31, 2001, is approximately $35.9 million and has been recognized in these financial statements.

Members are required to contribute 8.3% of earnings up to the YMPE under the CPP and 9.9% of any earnings over the YMPE. Contributions are matched by the Province.

Pension benefits are based on average salary during the five highest earning years at the rate of 2% per year of contributions. Normal retirement age is considered to be age 65. Eligible employees taking early retirement can receive reduced benefits beginning at age 55; integration with CPP reduces benefits after age 65. If early eligibility criteria are not met, employees may still elect early retirement as early as age 55 on an actuarially reduced pension basis. Pensions are inflation protected to the lesser of 6% or the increase in the CPI less 1% (never less than zero).

In the event there are insufficient funds within the TPP to make all payments required by the Act, the Province guarantees cash flow assistance.

Members' Retiring Allowance Act (MRA)

There is no separate fund for the Members' Retiring Allowances. Contributions are paid to the Consolidated Fund of the Province and allowances are paid from the Consolidated Fund.

Members are required to contribute 10% of their Annual Indemnity Payment, their annual allowance for expenses and Executive Council salary or other salaried office. The Province contributes 3.96 times the contributions by members.

Pension benefits are based on average salary during the last three years at the rate of 5% per year of contributions to a maximum of 15 years of service. A member qualifies for benefits on ceasing to be a member after having served five years during two or more General Assemblies and having attained age 55. Members may make application for an actuarially reduced allowance at age 45. Pensions are inflation protected to the lesser of 6% or the increase in the CPI.

Early Retirement Incentive Programs (ERIP)

The Province has offered early retirement incentive programs to members of the Public Service Superannuation Plan at various times commencing in 1986. Qualified members were offered additional years of pensionable service if they elected to retire. These are obligations of the Province and are not payable from the Public Service Superannuation Plan. The last ERIP offering expired on April 1, 1998.

Teachers' Early Retirement Program (ERP)

This program, which commenced in 1994, entitled teachers who met the eligibility criteria to retire early. For each program participant, the ERP liability was increased by an amount equal to the present value of the remaining payments for the prescribed obligation. This program expired on April 1, 1998.

Judges' Pension Supplement (JPS)

Provincial and Family Court judges are members of the Public Service Superannuation Plan with all the benefits it entails. However, judges are also eligible to retire under the terms of the Provincial Court Act. A judge who retires at age 65 with at least five years of service is entitled to pension benefits based on the average salary during the three highest earning years at the rate of 7% per year of contributions to a maximum of 70%. The base benefit is paid by the Public Service Superannuation Plan and the supplement necessary to bring the judge's total pension up to the amount payable under the terms of the Provincial Court Act is paid from the Consolidated Fund of the Province.

Deputy Ministers' Supplement (DMS)

Deputy Ministers are members of the Public Service Superannuation Plan. Benefits paid to retiring Deputy Ministers are based on the average salary for the three highest earning years instead of the five highest earning years which is the entitlement under the Public Service Superannuation Plan. The amount of pension benefit which is attributable to this difference in entitlement is paid from the Consolidated Fund of the Province. A member qualifies for benefits as early as age 50, if they have 20 years of service, five of which were served as a Deputy Minister.

Sydney Steel Corporation Pension Fund (Sysco Fund)

The fund invests in Canadian and foreign equities, bonds, debentures and short-term notes.

The fund is comprised of three plans covering steelworkers, CUPE workers and salaried members. Defined pension benefits are based on $30 and $35 per month per year of credited service, respectively, to a maximum of 35 years. The salaried plan has some additional benefits based on required contributions. Senior management benefits are based on 2% of the best five years' average earnings per year in the last ten years. Steelworkers and CUPE plans are noncontributory. The salaried plan contributions are 3% of salary up to YMPE and 5% of salary above YMPE.

In 1999-2000, additional commitments were made by the Province to fund the plan deficits and enhancements for early retirements. During 2000-2001, the Province assumed administration of the plans as Sysco was closed and all eligible workers were retired.

Other Service (Other)

The Province's Consolidated Fund is also responsible for funding the cost of certain types of pensionable service which do not fall into the categories described above.

Public Service Award

Upon retirement, employees of the Province are eligible for a Public Service Award equal to one week's salary per year of service to a maximum of six months salary. The liability consists of obligations recorded as 1% of total payroll plus interest allocated annually.

During the year, bargaining unit Corrections Officers received a contract change entitling them to a Public Service Award on the same basis as civil servants. This plan amendment was valued at $3.75 million, includes service with the Province plus any service as a Corrections Officer in a municipal institution, and is effective for retirements in March, 2001 or later.

Retiring Allowances

District Health Authorities, School Boards and certain other government service organizations also offer a retirement allowance for benefits accruing to employees under various contractual arrangements. The amount of these allowances has been estimated for these financial statements using standard actuarial methods.

II) Other Obligations

Self-Insured Workers' Compensation (WCB)

The Province is self-insured for Workers' Compensation purposes. Any approved claims from injured workers are paid directly by the Province. The amount recorded in these financial statements represents the actuarial estimate of future payments based on claims ongoing as at March 31, 2001.

Long-term Disability (LTD)

The Province participates with the Nova Scotia Government Employees Union in the administration of the Nova Scotia Public Service Long-Term Disability Plan Trust Fund. The Fund provides benefits to those workers approved for long-term disability leave. Other LTD plans are accounted for on the cash basis and are not yet actuarially valued.

b) Member Data

The following table provides member data for certain plans:

Pension Plan	*Active Members*	*Average Age of Active Members*	*Estimated Average Remaining Service Life*	*Average Salary of Active Members*	*Average Pension*	*Number of Pensioners*
PSSP	14,542	44.7	16	$ 39,537	$ 14,614	9,514
TPP	13,368	43.5	15	45,996	27,851	7,843
MRA	52	50.3	8	59,113	27,804	102
JPS	31	53.9	11	137,484	30,521	28
DMS	20	50.3	8	99,934	5,215	34
Sysco Fund	91	49.2	1	44,568	8,459	2,067
Other	N/A	N/A	N/A	N/A	3,035	790

Those pensioners who retired under the PSSP's ERIP or the TPP's ERP programs are included in the number of pensioners for those respective plans.

c) Actuarial Assumptions

The table below summarizes some of the key accounting assumptions used by actuaries to estimate the Province's pension obligations:

Pension Plan	*Real Rate of Return on Assets*	*Annual Salary Increase*	*Inflation*	*Average Retirement Age*
PSSP	5.20%	3.5% + merit	3.0%	60
TPP	5.20%	3.5% + merit	3.0%	58
MRA	3.46%	3.0%	3.0%	58
JPS	3.46%	3.5%	3.0%	65
DMS	3.46%	3.5%	3.0%	60
Sysco Fund	4.37%	N/A	3.0%	57
Other	3.46%	N/A	3.0%	N/A

d) Obligation Totals

Details of the pension, retirement and other obligations are outlined in the table below. Pension obligations are calculated on an actuarial basis. Actuarial assumptions used include factors such as retirement age, mortality rates, rates of return on investments, management's best estimates of short and long-term interest and inflation rates, marital status and future salary levels, among others. In most cases, the estimated plan assets (if applicable) and plan liabilities reported have been updated to the year end date by extrapolating the data from the last valuation.

The actuarial process uses assumptions to calculate the present value of accrued pension benefits. Pension plan assets are stated at either cost or market value at the year end date. Actual experience may vary from the predicted performance of the plans due to such factors as inflation or market performance of fund assets. The resulting gains or losses are amortized over the estimated average remaining service life of the plan members. The net pension obligation represents the accrued pension benefits net of pension assets and the unamortized experience gains or losses. By following PSAB recommendations for pension accounting, the decision on how plans are funded should not affect the expense recognized in the financial statements.

The following table details the net obligations for the plans noted.

Last Actuarial Valuation Date	*Pension Plan and Other Obligations*	*Estimated Accrued Benefits*	*Market Value of Assets*	*Unamortized Experience Gains (Losses)*	*2001 Net Obligation*	*2000 Net Obligation*
				($ thousands)		
March 2000	PSSP (at 50%) **	$ 1,209,372	$ 1,456,876	$ 60,902	$ (186,602)	$ (131,065)
March 2000	TPP	3,531,070	3,592,355	359,376	298,091	419,020
March 2000	ERP	161,680	N/A	N/A	161,680	178,527
March 2000	MRA	50,704	N/A	3,065	53,769	52,445
March 2000	ERIP	177,587	N/A	(6,324)	171,263	154,393
March 2000	JPS	18,296	N/A	(1,453)	16,843	15,919
March 2000	DMS	2,243	N/A	544	2,787	2,780
March 2001	Sysco Fund	245,908	67,042	N/A	178,866	121,469
March 2000	Other	24,035	N/A	(3,662)	20,373	18,300
March 2000	PSA	117,273	N/A	(14,886)	102,387	94,333
Various	Retiring Allowance	144,205	N/A	(2,274)	141,931	125,589
March 2001	WCB	34,381	N/A	N/A	34,381	33,000
March 2001	LTD	74,140	27,838	N/A	46,302	27,788
		$ 5,790,894	$ 5,144,111	$ 395,288	$ 1,042,071	$ 1,112,498

** The gross (100%) values of the PSSP are as follows:

Estimated Accrued Benefits	$ 2,418,744
Market Value of Assets	2,913,752
Unamortized Experience Gains	121,804
Net Plan (Surplus) Obligation as at March 31, 2001	(373,204)
Net Plan (Surplus) Obligation as at March 31, 2000	(262,130)

Included in estimated accrued benefits is accrued interest on the net over/under-funded pension obligations.

Other pension and post-employment benefit obligations exist which have not been actuarially valued and therefore have been recorded in these financial statements on a contribution basis.

7. TRUST FUNDS UNDER ADMINISTRATION

Trust fund assets administered by the Province (before giving consideration to actuarial adjustments) are:

Description	*2001*	*2000* *(as restated)*
	($ thousands)	
Public Service Superannuation Plan (1)	$ 2,913,751	$ 3,089,151
Nova Scotia Teachers' Pension Plan (1) (5)	3,741,847	3,546,169
Workers' Compensation Board (1) (5)	663,999	561,818
Sydney Steel Corporation Pension Fund (2) (5)	67,042	—
Nova Scotia Public Service Long-Term Disability Plan Trust Fund (1) (5)	31,545	32,472
Nova Scotia Government Fund Limited (5)	27,889	27,041
Public Trustee (1)	20,910	19,455
Nova Scotia Municipal Finance Corporation (3)	---	29,843
Miscellaneous Trusts (4)	46,769	44,121
	$ 7,513,752	$ 7,350,070

(1) See Public Accounts Volume II for full financial statements of these funds.

(2) Administration of the assets of Sydney Steel Corporation Pension Fund was assumed during fiscal 2000-2001.

(3) All funds administered on behalf of municipalities were paid out during fiscal 2000-2001.

(4) Miscellaneous trusts include a large number of relatively small funds.

(5) These represent trusts with December 31 year ends. Trust asset balances at March 31 did not differ significantly.

8. EXPENSES BY OBJECT

Description	*2001*	*2000*
	($ thousands)	
Grants and Subsidies	$ 1,761,297	$ 2,095,537
Salaries and Employee Benefits	1,971,154	1,904,829
Operating Goods and Services	1,053,925	862,468
Professional Services	150,558	151,717
Amortization and Social Housing Adjustment	157,726	137,769
Debt Servicing Costs	1,144,765	1,110,993
Other	2,142	4,919
Less: Chargeables	(258,492)	(329,448)
Less: Recoveries	(258,753)	(259,452)
Total Expenses before Unusual Item	$ 5,724,322	$ 5,679,332

9. DEBT SERVICING COSTS

Description	*2001*	*2000*
	($ thousands)	
CDN$ Denominated Debt	$ 659,731	$ 475,741
US$ Denominated Debt	278,964	351,530
Other Foreign Currency Denominated Debt	60,331	70,316
Pension Liabilities	(3,495)	50,386
Capital Leases	21,212	7,082
Other Debt	86,130	103,022
Premium/Discount Amortization	(9,416)	(8,863)
Foreign Exchange Amortization	85,386	82,282
Miscellaneous	2,406	1,034
Interest Recoveries	(36,484)	(21,537)
Total - Debt Servicing Costs	**$ 1,144,765**	**$ 1,110,993**

Debt servicing costs for Government Business Enterprises was $105.0 million for the year ended March 31, 2001 ($16.8 million for the year ended March 31, 2000).

10. CASH FLOW - NET CHANGE IN OTHER ITEMS

Description	*2001*	*2000*
	($ thousands)	
Change in Comparative Year Figures	$ —	$ (2,955)
Change in Receivables from Government Business Enterprises	(4,134)	(25,778)
Change in Receivables and Advances	(29,290)	104,381
Change in Accounts Payable and Other Short-term Borrowings	446,197	303,922
Change in Inventory	126	(1,080)
Change in Deferred Revenue	8,906	(144,770)
Change in Accrued Interest	(27,577)	9,716
Change in Pension, Retirement and Other Obligations	(70,427)	21,246
Total Net Change in Other Items	**$ 323,801**	**$ 264,682**

11. CONTINGENCIES AND COMMITMENTS

a) Contingent Liabilities

i) Environmental Sites

Various provincially owned sites located throughout the Province are considered environmental or contaminated sites. Studies are ongoing to assess the nature and extent of the damage and to develop a remediation plan. Remediation costs for these sites are not determinable as at March 31, 2001 and no further provisions for these costs have been recorded in these financial statements.

ii) Lawsuits

The Province's losses for any lawsuits pending cannot be determined due to uncertainty of the trial outcomes.

b) Contingent Gains

The Province of Nova Scotia is seeking reimbursement from insurance companies for various types of claims paid out. The recoveries are not yet assured so no amounts have been recorded to date.

c) Commitments

i) Commitments

Commitments total $433.4 million. Included in this amount are commitments of $53.4 million for a correctional and forensic facility; $76.5 million by the Department of Economic Development for projects approved under its various programs; $28.4 million for monthly services with respect to the Trunked Mobile Radio System over the next nine years; and $37.8 million by the Departments of Education and Transportation and Public Works for the construction of seven new schools. Also included is a commitment by the Department of Health and South West Nova District Health Authority to participate in a redevelopment project for the Yarmouth Regional Hospital in the amount of $48.9 million.

ii) Environmental Sites

Engineering and environmental studies have generated initial estimates for the cost of remediation of the Sydney Steel Corporation and adjacent sites as well as the Sydney Tar Ponds site. As a result, the Province recorded liabilities of $250.0 million and $68.5 million respectively, in the prior year for environmental site clean up. Of these provisions, $249.5 million and $61.8 million, respectively, remain unspent.

iii) Leases

As at March 31, 2001, the Province was committed under the terms of various operating leases. Future minimum annual lease payments are as follows:

Fiscal Year		Lease Payments ($ millions)
2001-2002	$	37.1
2002-2003		31.0
2003-2004		24.5
2004-2005		17.5
2005-2006		14.4
2007-2011		38.2
2012-2016		11.2
2017-2021		9.1
	$	183.0

iv) School Maintenance and Development Agreements

As at March 31, 2001, there was one of the original 39 Public-Private Partnership schools still under construction with an anticipated completion date of August 2001. These are capital leases and are typically for a 20-year term. The Province expects to make annual lease payments of $35.7 million for the 39 schools. In addition, the Province will incur $18.0 million in annual maintenance costs.

12. SUBSEQUENT EVENTS

The sale of certain oil and gas property assets owned by Nova Scotia Resources Limited (NSRL) closed on July 31, 2001 and proceeds of $355.0 million have been received. The sale has been recorded on the Statement of Operations as an Unusual Item. The sale of NSRL shares has not been finalized and no amounts have been recorded in these financial statements (See Note 3 for more details).

Effective April 1, 2001, Waterfront Development Corporation Limited amalgamated with Bedford Waterfront Development Corporation Limited.

13. COMPARATIVE FIGURES

a) Presentation

To conform with current year's presentation, certain comparative figures for the prior year have been restated.

b) Legislation to Create New Entities

New legislation for district health authorities came into effect on January 1, 2001. Bill 34, the Health Authorities Act, legislates nine district health authorities to replace the four regional health boards in the province.

Legislation was introduced in November 2000 to create Nova Scotia Business Incorporated (NSBI). The legislation established NSBI as a Crown corporation managed by a private-sector Board of Directors.

c) Comparative Figures Adjustment

In 2000, an adjustment of $26.5 million was made to opening Net Direct Debt, resulting from a review of the consolidation process of 1999, the Province's first year producing consolidated financial statements. Further clarification has resulted in an offsetting adjustment of $23.6 million, reducing the total adjustment to $2.9 million.

14. RELATED PARTY TRANSACTIONS

Significant related party transactions have been offset and eliminated for purposes of consolidated reporting. Parties are deemed to be related to the Consolidated Fund due to common control or ownership by the Province of Nova Scotia.

The most significant related party transactions are described in Schedule 7 - Government Business Enterprises.

15. EXPENSES IN EXCESS OF ESTIMATES

Pursuant to Section 13 of the Expenditure Control Act, a resolution to authorize program spending to the extent of $176.7 million for the fiscal year 1999-2000 is required.

Message from the Minister

With the publication of the financial statements for the year ending March 31, 2001, the Nova Scotia government has fulfilled its commitment to present open and transparent financial accounting to the people of this province.

In its financial statements of the past two years, the Nova Scotia Department of Finance has fully implemented Generally Accepted Accounting Principles. This compliance ensures credibility and accountability.

The Province of Nova Scotia has previously accounted for the operating losses of Nova Scotia Resources Limited (NSRL). The 2000-2001 financial statements reflect the sale of certain assets of NSRL, which provided the government with a one-time credit to its 2000-2001 results. The sale of NSRL has contributed to a surplus of $147.3 million, which reduces the net direct debt.

While the Consolidated Statement of Operations for the fiscal year ended March 31, 2001 reflects a surplus, we cannot rely on this sale, or any other future sales to achieve our fiscal agenda. We must be vigilant in our efforts to stay the course and achieve our goal of financial stability.

Honourable Neil J. LeBlanc
Minister of Finance

Selected Financial Highlights

Budgetary Summary

($ millions)

ACTUAL 1999-2000 (as restated)		*ESTIMATE 2000-2001*	*ACTUAL 2000-2001*
	Consolidated Fund		
4,783.9	Ordinary Revenue	4,794.9	5,090.9
	Net Expenses		
4,185.4	Net Program Expenses	4,146.0	4,174.5
850.8	Net Debt Servicing Costs	899.1	872.8
5,036.2		5,045.1	5,047.3
(252.3)		(250.2)	43.6
	Consolidation and Accounting Adjustments for the Consolidated Fund and Government Service Organizations		
1,488.2	Consolidated Fund Consolidation Adjustments	—	1,471.6
(1,053.1)	Health and Hospital Boards Operations	—	(1,065.0)
(698.5)	School Boards Operations	—	(692.3)
(40.4)	Other Organizations	—	(36.5)
(303.8)		—	(322.2)
	Net Income (Losses) for Government Business Enterprises		
(26.2)	Nova Scotia Resources Limited	(25.9)	(50.9)
(34.5)	Sydney Steel Corporation	—	—
295.2	Other Enterprises	8.0	297.0
234.5		(17.9)	246.1
(321.6)	**Provincial Surplus (Deficit) before Unusual Items**	(268.1)	(32.5)
	Unusual Items		
(68.5)	Environmental Clean-Up	—	—
—	Nova Scotia Resources Limited	—	179.8
(406.8)	Sydney Steel Corporation	—	—
(475.3)		—	179.8
(796.9)	**Provincial Surplus (Deficit)**	(268.1)	147.3

Significant Accounting Policy Issues

Introduction

The Province of Nova Scotia recognizes that its primary financial accountability document is the annual financial statements. These statements are prepared following generally accepted accounting principles to ensure full and open disclosure of the Province's financial position and results of operations.

The Standard

The recommendations and guidelines of the Canadian Institute of Chartered Accountants (CICA) Public Sector Accounting Board (PSSBB), supplemented, where appropriate, by other CICA accounting standards and guidelines, provide an authoritative foundation for the Province of Nova Scotia as it relates to what constitutes appropriate accounting for and disclosure of the Province's financial position and results of operations. PSSBB's recommendations have, to a significant extent, become adopted by governments across Canada.

Key Items for the 2000-2001 Financial Statements

Pension Valuation Adjustment

The Province accounts for pension costs in accordance with generally accepted accounting principles. Prior to fiscal 1999-2000, the Province recorded the cash cost of its pension plan contributions as an expense for the year. The current accounting policy recognizes the cost of pensionable service earned by employees in the year as its pension expense. As well, the policy impacts the treatment of annual changes in the unfunded pension liabilities. The net impact of the current policy versus the previous cash basis is separately disclosed as the Pension Valuation Adjustment.

Sale of Nova Scotia Resources Limited

Prior to March 31, 2001, the Province of Nova Scotia secured a buyer for certain assets of Nova Scotia Resources Limited (NSRL). As a result, a provision was recorded for the estimated net gain on the sale of those assets, which was completed subsequent to year end. The sale of the NSRL shares is being pursued, but has not been finalized and has not been recorded at year end. See Note 3 - Unusual Items for more information.

Revenues - Consolidated Fund

($ thousands)

REVENUE SOURCES	ACTUAL 1999-2000 (as restated)	ESTIMATE 2000-2001	ACTUAL 2000-2001	VARIANCE Increase (Decrease)
Provincial Sources				
Personal Income Tax	1,144,871	1,144,925	1,228,672	83,747
Corporate Income Tax	149,379	161,653	169,232	7,579
Harmonized Sales Tax	754,827	786,309	804,280	17,971
Tobacco Tax	76,543	80,100	75,577	(4,523)
Motive Fuel Taxes	219,389	232,335	201,669	(30,666)
Gaming Corporation Profits	164,926	175,119	171,256	(3,863)
Liquor Commission Profits	135,170	141,000	137,183	(3,817)
Interest Revenues	34,428	35,507	39,692	4,185
Registry of Motor Vehicles	61,439	61,440	61,979	539
Royalties - Petroleum	1,970	6,000	9,269	3,269
Other Provincial Sources	166,334	160,165	168,267	8,102
Gain on the Sale of Crown Assets	610	---	---	---
Total - Provincial Sources	2,909,886	2,984,553	3,067,076	82,523
Federal Sources				
Equalization	1,279,610	1,279,630	1,395,500	115,870
Canada Health and Social Transfer	527,920	522,928	526,054	3,126
Federal Compensation for Harmonization	52,700	---	---	---
Other Federal Sources	4,416	7,830	2,330	(5,500)
Total - Federal Sources	1,864,646	1,810,388	1,923,884	113,496
Prior Years' Adjustments - Federal-Provincial Fiscal Arrangements	9,400	---	99,914	99,914
Total - Revenues	4,783,932	4,794,941	5,090,874	295,933

Total ordinary revenues were $5,090.9 million for the fiscal year 2000-2001, which is $295.9 million higher than the budget estimate.

Provincial Sources

In fiscal 2000-2001, personal and corporate income taxes were $91.3 million higher than the original budget estimate. Personal income continued to grow both in Nova Scotia, as well as nationally. Nova Scotia provincial corporate income tax revenues also grew but were partially offset by increases in Nova Scotia credits, such as growth in the Manufacturing and Processing Investment Tax Credit.

Positive prior years' adjustments of $41.2 million and $27.4 million were recorded for personal and corporate income taxes respectively due to updated information.

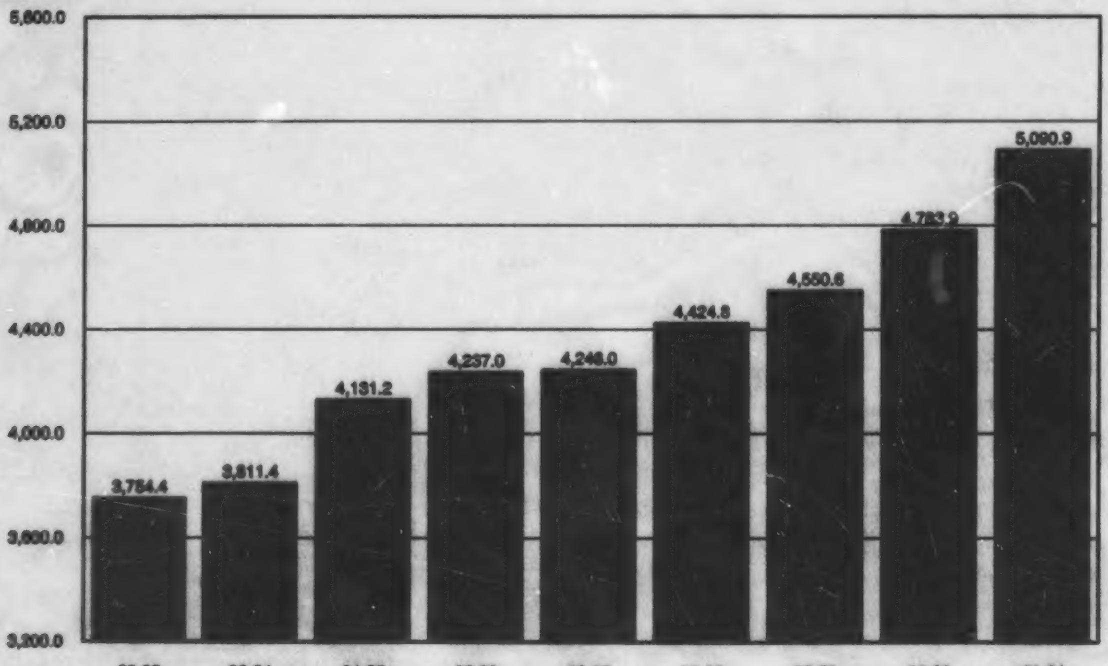
Sales tax revenues grew as personal disposable income and consumption continued to grow. Fiscal 2000-2001 was the first year in which a finalized allocation formula was in place between the federal government and the harmonized provinces. This resulted in a positive prior years' adjustment of $7.3 million which was recorded reflecting adjustments between the formula allocation and previous amounts recorded by the province.

Fuel consumption for fiscal 1999-2000 was at above average levels due to construction activity within the province. Activity returned to more normal levels in fiscal 2000-2001 and this factor, coupled with fuel price increases, reduced the motive fuel consumption. These factors, combined with unanticipated refunds, resulted in revenues for Motive Fuel Taxes that were $30.4 million lower than the budget estimate.

Federal Sources

Equalization transfers were $1,395.5 million in fiscal 2000-2001, which was $115.9 million higher than the budget estimate. This increase was driven by better than anticipated performance by the representative five province standard, particularly Ontario, as well as rising oil and gas prices in Alberta. A negative prior years' adjustment of $8.6 million was recorded due to revisions in the final data for the three previous years.

Revenues - Consolidated Fund
1992-1993 to 2000-2001
($ millions)



Prior Years' Adjustments - Federal-Provincial Fiscal Arrangements

The province experienced total Prior Years' Adjustments (PYA's) of $99.9 million in fiscal 2000-2001. PYA's are made to reflect changes in information with respect to prior years' revenues which are still forthcoming from sources such as the federal government. Typically, income tax adjustments are from the previous year, in this case 1999, while transfer payments are not finalized for three years from the time of the initial federal payment.

A one-time PYA was recorded to reflect outstanding receivables and payables for income taxes and federal transfers. Through a review exercise it was determined that many of these outstanding entries were no longer expected to be receivable or owed and therefore they were reversed from the Province's general ledger. This resulted in a net positive PYA of $32.1 million.

Program Spending - Consolidated Fund

Net Program Expenses

($ thousands)

DEPARTMENTS	*ACTUAL 1999-2000 (as restated)*	*ESTIMATE 2000-2001*	*ACTUAL 2000-2001*	*VARIANCE Increase (Decrease)*
Agriculture and Marketing	42,263	33,537	34,086	549
Business and Consumer Services	31,538	31,201	31,471	270
Community Services	583,320	575,989	583,856	7,867
Economic Development	89,272	49,033	63,981	14,948
Education	879,055	858,832	872,699	13,867
Assistance to Universities	197,232	201,232	203,489	2,257
Environment	15,393	13,132	12,380	(752)
Finance	9,638	9,298	8,704	(594)
Fisheries and Aquaculture	8,905	5,716	5,706	(10)
Health	1,770,278	1,686,140	1,747,388	61,248
Housing and Municipal Affairs	101,965	88,663	88,317	(346)
Human Resources	3,934	3,986	3,458	(528)
Justice	85,252	82,293	82,273	(20)
Labour	8,983	8,689	7,306	(1,383)
Natural Resources	55,832	52,090	50,881	(1,209)
Public Service	79,724	76,244	93,067	16,823
Tourism and Culture	40,479	38,388	38,384	(4)
Transportation and Public Works	236,847	243,514	247,572	4,058
Restructuring Costs	2,773	88,035	75,303	(12,732)
Pension Valuation Adjustment	(57,249)	—	(76,175)	(76,175)
Loss on the Sale of Crown Assets	---	---	321	321
	4,185,434	4,146,012	4,174,467	28,455

Notes: The consolidation of departmental expenditures with that of government service organizations provides the total expenditures for which government is accountable. This Table provides the net program expenses by department prior to consolidation, as compared to the prior fiscal year and the budget, which are the Estimates as approved by the Legislature in the annual Appropriations Act.

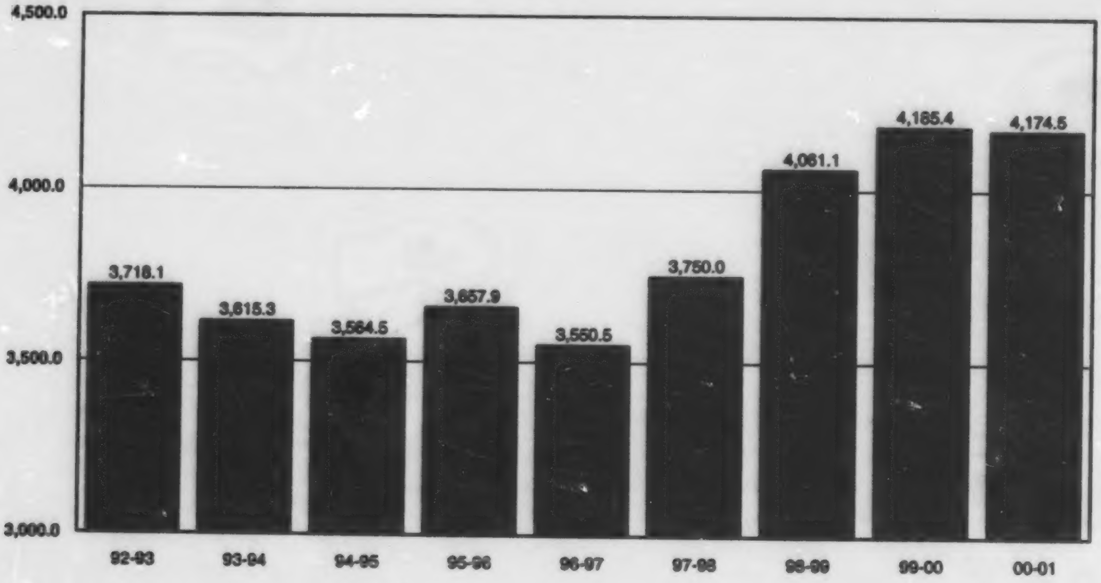
Net Program Expenses increased by $28.455 million during fiscal 2000-2001 over the original budget of $4.146 billion to $4.174 billion. Seven departments and three Public Service appropriations ended the fiscal year with increases in expenses that totaled $127.6 million. This overspending was offset, in part, as the remaining departments and Public Service votes were under-budget by $10.2 million.

The Restructuring Costs appropriation, which includes funding to support the collective bargaining process, work-force adjustment expenses, government restructuring costs and other expenses that cannot be directly attributed to a particular government department, was under-budget by $12.7 million. The increase resulting from the recent settlements in the collective bargaining process was more than offset by savings in workforce adjustment costs.

The Province of Nova Scotia accounts for pension costs on a basis that is consistent with generally accepted accounting principles. Prior to fiscal 1999-2000, the Province recorded the cash cost of its pension plan contributions as an expenditure in the fiscal year. The current accounting policy recognizes pension expense to include the cost of pensionable service earned by employees in the current fiscal year and amortization of the experience gains and losses in the pension plans. As a result, there was a positive adjustment of $76.2 million recorded as the Pension Valuation Adjustment for fiscal 2000-2001.

The Department of Health was over budget in fiscal 2000-2001 by $61.2 million. The major reason for this increase was the delay in implementing the business plans of the District Health Authorities and the establishment of the authorities themselves. These two factors accounted for $53.1 million of the variance. As well, Home Care Services was over budget by $10.3 million due to continued growth in demand and Long Term Care was overspent by $16.9 million because of one-time capital commitments related to fire marshal and safety issues, and an increase in the per diem rates paid to the facilities, as a result of wage settlements. These increases were offset by savings in Capital Grants by $16.2 million resulting from construction delays, as well as savings in the Pharmacare Program of $10.0 million and departmental administrative savings of $1.4 million.

Net Program Expenses - Consolidated Fund
1992-1993 to 2000-2001
($ millions)



The Department of Economic Development was overspent by $14.6 million in fiscal 2000-2001, primarily due to an increase in the provision for potential loan losses as a result of a review of the department's loan portfolio and an expansion of business assistance. These increases were partially offset by savings in departmental operations and cash flow management of strategic investment funds.

The Department of Education exceeded its budget in fiscal 2000-2001 by a net total of $13.9 million for a number of reasons. As a result of the change in the accounting treatment of the P3 facilities, which reclassified the expenditure as capital leases, additional funding ($12.4 million) was required to cover the amortization related to the leases and also the accelerated amortization of furniture fixtures, equipment and technology acquired from the private developers. Also, there was an accrual of $12.0 million for potential losses associated with the guaranteed student loan program and the Nova Scotia Community College received additional $1.0 million to acquire technology. These increases were offset, in part, by savings in other areas of the department resulting from changes in accounting treatment and under-expenditures for both loan remission and interest relief under the student assistance program.

The Assistance to Universities appropriation was overspent by $2.3 million as a result of providing additional capital funding to Saint Francis Xavier University to honour a previous commitment to the institution.

Community Services was overspent by $7.8 million in fiscal 2000-2001. The factors contributing to the over-spending of $2.9 million in the Family and Children's Services programs, include an increasing caseload of children in care combined with increased costs of the services required. Also, the costs associated with the funding framework and the continued out-placements to small options facilities resulting from the closure of the larger, out-dated facilities led to an increase of $14.5 million over the budget for the long-term care sector. Savings of $7.7 million resulting from the continuing trend of cases exiting the income assistance system partially offset the overspending in the department. In addition, there was $1.9 million in savings in the department's administrative costs.

For fiscal 2000-2001 the Department of Transportation and Public Works required additional funding of $4.1 million. The severe winter weather conditions resulted in the Snow and Ice Control budget of the department being overspent by $10.1 million. This budget pressure was mitigated to a significant degree by reduced highway and bridge maintenance and improvement expenditures, which was largely due to wet weather in the late fall that prevented the completion of some of this scheduled work.

The Government Contributions to Benefit Plans appropriation was overspent by $20.6 million because of an increase in the government contributions to the pensioners' consolidated health plan due to an increase in the premiums and because the Province now recognizes the deficiency in the Long-term Disability Plan and its self-insured workers' compensation benefits.

A number of departments and Public Service appropriations were underspent in fiscal 2000-2001, primarily as a result of reduced operational expenditures. The Department of Labour was underspent by nearly $1.4 million because of delays in filling positions due to the pending reorganization of the Workers' Compensation Board and Occupational Health and Safety Division. The wet summer, coupled with heavy winter snows, resulted in fewer forest fires in the spring and summer, and restricted the ability of crews to carry out forestry projects in the winter. This factor, along with decreased operational expenditures, resulted in the Department of Natural Resources being underspent by $1.2 million.

Tangible Capital Assets - Consolidated Fund

Effective April 1, 1999, the Province implemented a new accounting policy for Tangible Capital Assets. The new policy charges a percentage of the original cost to each year of the useful life of the asset. This charge to operations is called amortization. As a result, departments were required to budget for tangible capital assets purchases and the resulting amortization from the acquisition of these assets, for the first time in fiscal 2000-2001. The cost of the estimated purchases of eligible Tangible Capital Assets was voted separately in the Capital Purchase Requirements appropriation.

Capital Purchase Requirements

($ thousands)

DEPARTMENTS	*ESTIMATE 2000-2001*	*ACTUAL 2000-2001*	*VARIANCE Increase (Decrease)*
Agriculture and Marketing	—	25	25
Business and Consumer Services	—	1,942	1,942
Education	31,801	289,664	257,863
Environment	—	66	66
Finance	—	6,499	6,499
Fisheries and Aquaculture	30	28	(2)
Health	4,927	5,497	570
Housing and Municipal Affairs	130	58	(72)
Natural Resources	403	220	(183)
Public Service	—	21,721	21,721
Transportation and Public Works	51,607	50,702	(905)
	88,898	376,422	287,524

In fiscal 2000-2001, the Department of Education allocation in the Capital Purchase Requirements appropriation was overspent by $257.8 million. The largest portion of this variance, $228.2 million, resulted from a change in the accounting treatment of the P3 facilities after the budget had been introduced. An accounting review of the leases determined that these leases were capital leases, which meant the net present value of the leases had to be recorded as an acquisition when the Province took possession of the facility. An additional $14.4 million was incurred as a result in an amendment to the Tangible Capital Asset policy which required the initial acquisition of furniture, equipment and technology to be set up as a tangible capital asset.

The $21.7 million over-expenditure in the Public Service allocation was also the result of the determination that the leases of the equipment for the new trunked mobile radio system were, in effect, capital leases.

This schedule reflects the amortization charged to operations related to the Tangible Capital Assets that were acquired in prior years, as well as the charges related to the acquisitions made during fiscal 2000-2001.

Amortization

($ thousands)

DEPARTMENTS	*ESTIMATE 2000-2001*	*ACTUAL 2000-2001*	*VARIANCE Increase (Decrease)*
Agriculture and Marketing	52	58	6
Business and Consumer Services	1,227	1,135	(92)
Community Services	67	67	---
Economic Development	6	6	---
Education	16,472	28,868	12,396
Environment	21	24	3
Finance	412	2,443	2,031
Fisheries and Aquaculture	14	10	(4)
Health	4,660	4,137	(523)
Housing and Municipal Affairs	45	34	(11)
Justice	1	1	---
Labour	16	16	---
Natural Resources	455	355	(100)
Public Service	377	4,736	4,359
Tourism and Culture	43	43	---
Transportation and Public Works	45,179	42,537	(2,642)
	69,047	84,470	15,423

Analysis of Appropriations Relative to the Appropriations Act, 2000

for the fiscal year ended March 31, 2001

($ thousands)

	Resolution Number *	Budget	Actual	Variance	Additional Appropriation Required
Net Program Expenditures					
Agriculture and Marketing	1	33,537	34,086	549	549
Business and Consumer Services	2	31,201	31,471	270	270
Community Services	3	575,989	583,856	7,867	7,867
Economic Development -					
Departmental Operations	4	20,333	19,366	(967)	
Funds for Strategic Investment	5	28,700	44,615	15,915	15,915
Education	6	858,832	872,699	13,867	13,867
Assistance to Universities	7	201,232	203,489	2,257	2,257
Environment	8	13,132	12,380	(752)	
Finance	10	9,298	8,704	(594)	
Fisheries and Aquaculture	11	5,716	5,706	(10)	
Health	12	1,686,140	1,747,388	61,248	61,248
Housing and Municipal Affairs	13	88,663	88,317	(346)	
Human Resources	14	3,986	3,458	(528)	
Justice	15	82,293	82,273	(20)	
Labour	16	8,689	7,306	(1,383)	
Natural Resources	17	52,090	50,881	(1,209)	
Communications Nova Scotia	18	2,124	2,093	(31)	
Emergency Measures Organization of Nova Scotia	19	637	1,675	1,038	1,038
Executive Council	20	7,701	6,989	(712)	
FOIPOP Review Office	21	235	195	(40)	
Government Contributions to Benefit Plans	22	3,810	24,449	20,639	20,639
Human Rights Commission	23	1,609	1,549	(60)	
Legislative Services	24	13,505	13,027	(478)	
Nova Scotia Advisory Council on the Status of Women	25	625	590	(35)	
Nova Scotia Alcohol and Gaming Authority	26	4,982	4,277	(705)	
Nova Scotia Petroleum Directorate	27	5,347	5,850	503	503
Nova Scotia Police Commission	28	266	250	(16)	
Nova Scotia Securities Commission	29	870	807	(63)	
Nova Scotia Sport and Recreation Commission	30	6,882	6,881	(1)	
Nova Scotia Utility and Review Board	31	2,099	2,099	—	
Office of the Auditor General	32	1,850	1,713	(137)	
Office of the Ombudsman	33	600	599	(1)	
Public Prosecution Service	34	10,864	10,276	(588)	
Technology and Science Secretariat	35	12,238	9,748	(2,490)	
Tourism and Culture	36	38,388	38,384	(4)	
Transportation and Public Works	37	243,514	247,572	4,058	4,058
Restructuring Costs	39	88,035	75,303	(12,732)	

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* - Refers to the Resolution Number in the Appropriations Act, 2000.

Analysis of Appropriations Relative to the Appropriations Act, 2000

for the fiscal year ended March 31, 2001

(continued)
($ thousands)

	Resolution Number *	Budget	Actual	Variance	Additional Appropriation Required
Other Appropriations					
Debt Servicing Costs	9	1,049,485	1,020,617	(28,868)	
Capital Purchase Requirements	38	88,898	376,422	287,524	287,524
Sinking Fund Instalments and Serial Retirements	40	286,830	321,298	34,468	34,468
Capital Advances, Department of Agriculture and Marketing	41	45	—	(45)	
Canada-Nova Scotia (Offshore) Development Fund	42	2,000	1,828	(172)	

* - Refers to the Resolution Number in the Appropriations Act, 2000.

Debt Review - Consolidated Fund

In fiscal 2000-2001, the Province of Nova Scotia posted a $32.5 million provincial deficit before unusual items. Inclusion of the one-time unusual item of $179.8 million, related to the sale of Nova Scotia Resources Limited, resulted in a net surplus of $147.3 million. The Net Direct Debt of the Province as of March 31, 2001 was $11.5 billion, an increase of approximately $117.6 million from a year earlier. The Province's Net Direct Debt to Gross Domestic Product ratio decreased to 45.2 per cent at March 31, 2001 from 47.8 per cent a year earlier.

Capital Markets Issuance Initiatives

The Province of Nova Scotia borrowed approximately $1.3 billion in fiscal 2000-2001, down from the previous year's level of $1.5 billion. The borrowing was used to fund the budgetary deficit, to pay debt that matured during the fiscal year, and to contribute to the Province's sinking funds and Public Debt Retirement Funds (one each in Canadian and United States dollars) for the future repayment of debt.

The Province borrowed all of its requirements for fiscal 2000-2001 in Canadian financial markets by way of three public issues, five Medium Term Notes, and the refinancing of a Canada Pension Plan maturity. The Province also maintains documentation necessary in order to issue securities in the United States and Japanese markets. In early 2000, the Province established an Euro Medium Term Note program (EMTN) to provide for more timely and and efficient access to European institutional and retail markets. The Province executed its first transaction under the EMTN program in fiscal 2000-2001. The Province's Canadian dollar promissory note program was an important source of funding in fiscal 2000-2001, contributing $766.2 million in short-term funding.

Financial Risk Management

The Province reduced its exposure to foreign currency in the gross debt portfolio to 30.8 per cent at March 31, 2001 from 35.6 per cent at March 31, 2000. This action continues the significant improvement from previous years in the Province's foreign currency exposure which stood at 72.2 per cent at March 31, 1995. In the absence of any major moves in the value of the Canadian dollar, it is anticipated the Province will meet its objective of 20 per cent foreign currency exposure by March 31, 2005.

The Province's exposure to short-term interest rates in the debt portfolio decreased to 15 per cent at March 31, 2001 from 16 per cent a year earlier. This level is at the low end of the Province's floating rate exposure policy of having floating rate exposure in the range of 15 to 35 per cent of debt outstanding. Securing 85 per cent of the total debt portfolio in fixed rate form provides stability in debt servicing costs in an historically low interest rate period.

The average term to maturity of the debt portfolio as at March 31, 2001 decreased moderately to 10.2 years from approximately 10.6 years at March 31, 2000.

Debt Servicing Costs

Net Debt Servicing Costs in fiscal 2000-2001 were $872.8 million, a decrease of $26.3 million from the original budget estimate. In late November 2000, the Province assumed the approximately $800.0 million debt of Nova Scotia Resources Limited and incurred debt servicing costs for the remainder of the fiscal year. While actual debt servicing costs were generally in line with the estimates, it does represent an increase of 2.6 per cent over the previous year, accounted for partially by the marginally higher debt, as well as fluctuations in exchange and interest rates.

Net Debt Servicing Costs - Consolidated Fund

($ millions)

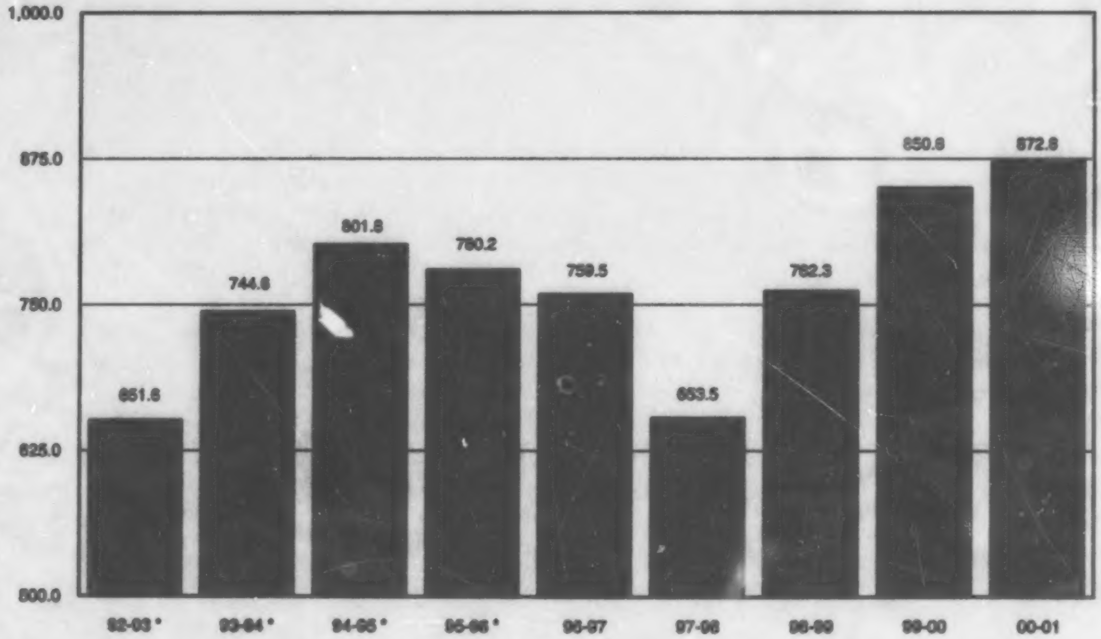
	ACTUAL *1999-2000*	*ESTIMATE* *2000-2001*	*ACTUAL* *2000-2001*	*VARIANCE* *Increase* *(Decrease)*
Gross Debt Servicing Costs	975.8	1,049.5	1,020.6	(28.9)
Less: Sinking Fund Earnings	125.0	150.4	147.8	(2.6)
Net Debt Servicing Costs	**850.8**	**899.1**	**872.8**	**(26.3)**

Note: The Province budgets its debt servicing costs on a gross basis less earnings on the Public Debt Retirement Fund.

Net Debt Servicing Costs - Consolidated Fund

1992-1993 to 2000-2001

($ millions)



* The fiscal years 1992-1993, 1993-1994, 1994-1995 and 1995-1996 have not been restated to reflect the accounting changes related to foreign exchange gains and (losses), premiums and discounts.

Debenture Debt

The Province's Net Debenture Debt (outstanding debentures less sinking funds and the Public Debt Retirement Fund) was $10.1 billion in Canadian dollar equivalent at the rate of exchange in effect on March 31, 2001. Of this amount, $566.0 million represents the difference between the exchange rate at the issue date of foreign currency debt and the rate of exchange in effect on March 31, 2001. This amount will fluctuate from year-to-year based on exchange rates in effect at year-end.

The Province of Nova Scotia provides sinking fund instalments for all debenture and medium term note issues. Annual sinking fund instalments range from one to three per cent of the original issue and are designed to fully fund the issue over 20 years or the life of the issue, whichever is longer. Sinking funds are treated as trust funds and are used solely for debt retirement. Sinking funds related to US dollar debt are invested in US dollar denominated securities.

Long-term debt issued by way of debentures are subject to a legislative authority to borrow through the Appropriations Act. Unused portions of these authorities carry forward to be used in future years. In fiscal 2000-2001, the Province borrowed (face value) $1,308.3 million in long-term debentures, all of which was applied to the authority from fiscal 1998-1999 and fiscal 1999-2000. At March 31, 2001, $264.7 million remains in authority from fiscal 1999-2000, as well as the full amount of the authority from the Appropriations Act, 2000.

Debenture Debt
($ millions)

	Outstanding Debentures (CDN$ Equivalents)
Debentures Payable in Canadian Dollars	
Canada Pension Plan Investment Fund	1,173.1
Other Issues	7,682.8
United States Dollars	3,319.4
Other Foreign Currencies	628.0
Debt Retirement Funds	—
	12,803.3

Statement of Borrowing Powers
as at March 31, 2001
($ thousands)

	Amount of Issue	*1999-2000*	*2000-2001*
Balance of Authority from Previous Fiscal Years		72,939	1,572,939
Authority Approved for the Fiscal Year		1,500,000	1,500,000
Balance of Authority at April 1st		1,572,939	3,072,939
Authority Used in the Current Fiscal Year:			
Debenture Series A8	300,000	---	300,000
Debenture Series A3 (reopen)	50,000	---	50,000
Promissory Note P46	110,000	---	110,000
Debenture Series A8 (reopen)	300,000	---	300,000
Promissory Note P47	60,000	---	60,000
Debenture Series A9	350,000	---	350,000
Promissory Note P48	60,000	---	60,000
Debenture Series CP38	78,277	---	78,277
		---	1,308,277
Balance of Authority at March 31st		1,572,939	1,764,662

Additional Borrowing Powers:
- Cape Breton Industrial Assistance Act - Chapter 60, R.S.N.S. 1989
- Housing Act - Chapter 211, R.S.N.S. 1989
- Housing Development Corporation Act - Chapter 213, R.S.N.S. 1989
- Municipal Finance Corporation Act - Chapter 301, R.S.N.S.1989
- Sydney Steel Corporation Act - Chapter 456, R.S.N.S 1989
- Finance Act - 5, 47, Chapter 365, R.S.N.S 1989 (OIC #85-786, #90-1002)

Economic Information

Economic Indicators

	1996	1997	1998	1999	2000 (E)	2001 (F)
Gross Domestic Product at Market Prices *($ millions)*	19,436	20,195	21,110	22,407	23,926	24,963
Annual % Change	0.9	3.9	4.5	6.1	6.8	4.3
Gross Domestic Product at Market Prices *(Constant 1992 $ millions)*	18,641	19,242	19,828	20,865	21,497	21,989
Annual % Change	0.3	3.2	3.0	5.2	3.0	2.3
Personal Income *($ millions)*	18,573	19,139	19,981	20,837	21,822	22,518
Annual % Change	0.5	3.0	4.4	4.3	4.7	3.2
Consumer Price Index - Nova Scotia *(Annual % Change)*	1.7	2.1	0.6	1.7	3.5	2.7
Population *(thousands of persons)*	931	935	936	939	941	944

Sources: Statistics Canada, Provincial Economic Accounts, Cat. No. 13-213-PIB
Nova Scotia Department of Finance

Notes: The data for 1996 to 2000 is Statistics Canada's historical data except for Gross Domestic Product and Personal Income, which are Department of Finance estimates (E).
The data for 2001 is Department of Finance forecasts (F).

Economic Performance

Output

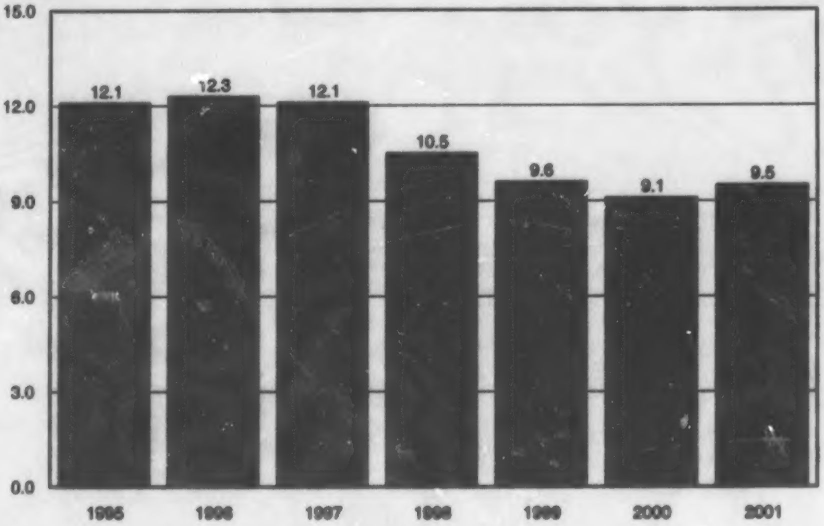
The Nova Scotia economy achieved solid performance in 2000 after a record year of growth in 1999. The Nova Scotia Department of Finance estimates real Gross Domestic Product (GDP) growth rate in 2000 at 3.0 per cent following a 5.2 per cent growth for 1999. The Department of Finance survey of economic forecasts for Nova Scotia indicates that the estimated rate of growth of real GDP in 2000 ranges from 2.8 per cent to 3.4 per cent with an average of 3.0 per cent.

Exports were the main contributor to the province's GDP growth in 2000. By the end of the year, the Sable Offshore Energy Project (SOEP) was approaching capacity production and, combined with higher natural gas prices throughout the year helps to explain the huge increase in exports. Exports of goods and services grew by nearly 20 per cent in 2000. Nova Scotia's merchandise exports to international markets were up approximately 30 per cent, led by natural gas. By the fourth quarter of the year, natural gas had accounted for 26 per cent of merchandise exports. The strong growth in export sales can also be seen in the export performance for other goods such as tires, fine paper, wood pulp, crab, scallops and gypsum. Service exports to domestic and external markets also had a solid year of growth.

Labour Markets

In 2000, employment increased by 2.7 per cent to 419,500. This net gain was mostly in full-time jobs. The labour force grew 2.1 per cent, a rate of growth slightly lower than the growth in jobs. Consequently, the unemployment rate declined in 2000 to 9.1 per cent from 9.6 per cent in the previous year.

Unemployment Rate
(percent)

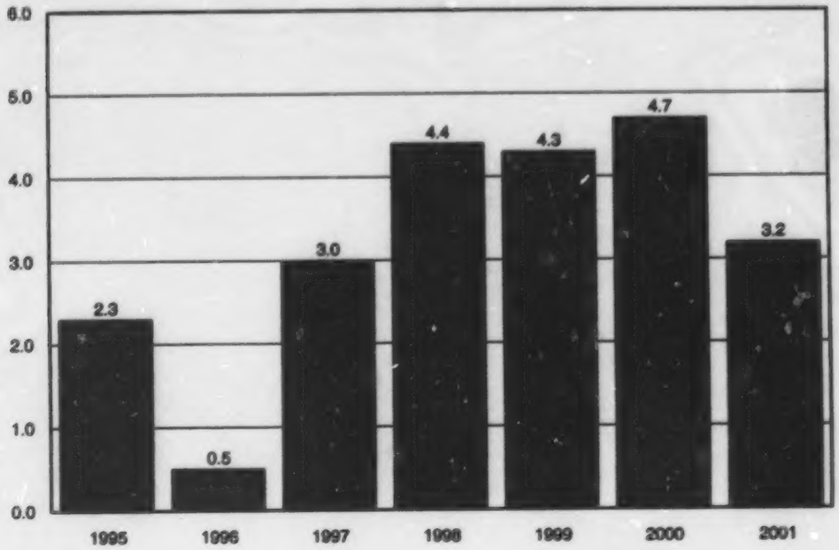


Income and Consumer Spending

Personal expenditures on goods and services increased 4.7 per cent, the same rate as in 1999. Retail sales registered an increase of 4.3 per cent in 2000. The tempo of consumer spending was sustained by the strong growth in personal income. Labour income, the largest share of personal income, increased 6.0 per cent by virtue of strong employment growth, wage settlement increases, and the federal government pay equity settlements, estimated at $90.0 million for Nova Scotia. Personal income grew 4.7 per cent.

Personal Income Growth

(percent)



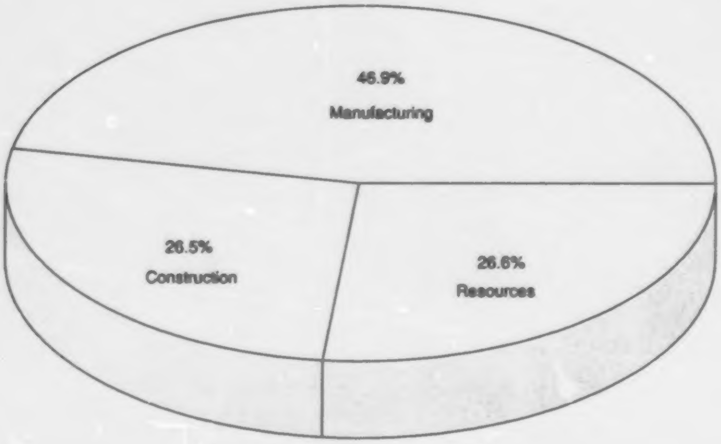
Industry Performance

Goods Industries Employment

In 2000, goods producing industries accounted for 22.1 per cent of the total employment in the Nova Scotia economy. Employment in the goods producing industries was up 2.3 per cent in 2000. Among the goods producing sectors, the largest increase in employment was posted in the construction sector at 13.1 per cent. This was mainly due to construction activities related to residential construction. Housing starts were up by 4.3 per cent in 2000. Employment in manufacturing declined by 3.4 per cent. Most of this decline occurred in the food processing industries and in pulp and paper mills. Sawmills and the transportation equipment manufacturing sectors had strong employment gains in 2000. There was no change in employment levels for the agriculture and forestry industries.

Employment by Goods Industries 2000

(as a % of Total Goods Industries Employment)



Services Industries Employment

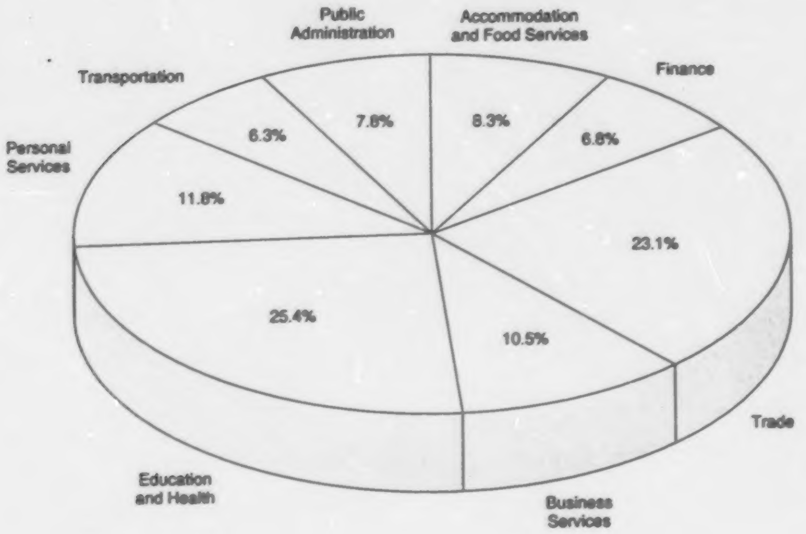
Nova Scotia is predominantly a service-sector economy. Services industries account for 77.8 per cent of Nova Scotia's employment and registered a 2.8 per cent gain in employment in 2000.

The education, health care and social assistance services sector, which is the largest component of the services sector with 25.4 per cent of the employment, reported an increase of 5.9 per cent in employment for health care and social assistance along with a 4.9 per cent increase for education services during 2000. The trade (retail and wholesale) was the next largest sector, representing 23.1 per cent of employment in the service industries. This sector had a 6.7 per cent increase in employment in 2000.

Five of the service sectors had employment decreases in 2000. The completion of the Sable Gas project in 1999 helps to explain the 1.8 per cent fall in employment in transportation and warehousing and the decrease of 1.9 per cent in the professional, scientific and technical services sector. Down-sizing in the financial institutes reflects the 3.6 per cent loss in employment for the finance, insurance, real estate and leasing services sector. A slower pace in the tourism sector is consistent with the 5.9 per cent fall in employment levels for the accommodation and foods services sector. The decline in employment levels for the provincial and municipal governments exceeded the employment gains in the federal government sector, resulting in a slight drop (0.8 per cent) in public sector employment.

Employment by Service Industries 2000

(as a % of Total Services Industries Employment)



The strongest employment rate growth (22.6 per cent) in the service sector occurred in management, administrative and other support services. This growth is directly related to the development of more call centres within the province, servicing the business needs of clients throughout North America. Information, culture and recreation services also had employment gains (8.8 per cent) in 2000, due to employment growth in the recreational, broadcasting and telecommunications industries.

Public Accounts

VOLUME 2 – AGENCIES AND FUNDS

Province of Nova Scotia

for the Fiscal Year Ended March 31, 2001

Printed by Order of the Legislature

Halifax, Nova Scotia, 2001

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AUDITORS' REPORT

To the Chairman and Members of the Board of Directors of
Annapolis Valley District Health Authority

We have audited the statement of financial position of the Annapolis Valley District Health Authority as at March 31, 2001 and the statements of operations, changes in fund balances and cash flows for the three-month period then ended. These financial statements are the responsibility of the District Health Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District Health Authority as at March 31, 2001 and the results of its operations, changes in fund balances and cash flows for the three-month period then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP
Chartered Accountants

June 15, 2001

ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY

Statement of Operations
Three-month period ended March 31, 2001

	Operating Fund	Capital Fund	Total
Revenue			
Department of Health funding	$ 14,366,415	$ —	$ 14.366,415
Department of Veteran's Affairs	379,377	—	379,377
Patient services	542,275	—	542,275
Physician funding	176,727	—	176,727
Program recoveries and sales	389,969	—	389,969
Amortization of deferred capital grants	—	864,000	864,000
Other	13,312	21,514	34,826
	15,868,075	885,514	16,753,589
Expenses			
Administration and support	517,254	—	517,254
Addiction services	320,309	—	320,309
Diagnostic imaging	772,085	—	772,085
Environmental services	720,201	—	720,201
Finance	167,457	—	167,457
Food & nutritional services	799,854	—	799,854
Health registry	390,239	—	390,239
Human resources	139,828	—	139,828
Information services	279,037	—	279,037
Laboratory	1,024,135	—	1,024,135
Materials management	403,134	—	403,134
Mental health	959,399	—	959,399
Nursing	6,705,791	—	6,705,791
Pharmacy	150,529	—	150,529
Plant and support services	1,144,710	—	1,144,710
Public Health	326,974	—	326,974
Rehabilitation services	320,478	—	320,478
Other programs	266,483	—	266,483
Retirement allowances	14,428	—	14,428
Depreciation	—	940,149	940,149
Other	471,241	—	471,241
	15,893,566	940,149	16,833,715
Deficiency of revenues over expenses	$ (25,491)	$ (54,635)	$ (80,126)

ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY

Statement of Financial Position
as at March 31, 2001

ASSETS

	Operating Fund	Capital Fund	Total
Current			
Cash and cash equivalents (Page 8)	$ 1,802,580	$ 1,075,878	$ 2,878,458
Accounts receivable (Note 4)	7,560,925	485,016	8,045,941
Inventory	892,845	—	892,845
Prepaid expenses	206,252	46,756	253,008
	10,462,602	1,607,650	12,070,252
Long-term assets (Note 5)	93,619	—	93,619
Property, plant and equipment (Note 6)	—	46,448,898	46,448,898
	$ 10,556,221	$ 48,056,548	$ 58,612,769

LIABILITIES

	Operating Fund	Capital Fund	Total
Current			
Accounts payable and accrued liabilities (Note 8)	$ 8,287,340	$ 33,011	$ 8,320,351
Current portion of long-term debt (Note 9)	—	29,440	29,440
Revenue received in advance	2,294,372	—	2,294,372
	10,581,712	62,451	10,644,163
Long-term debt (Note 9)	—	97,317	97,317
Deferred capital grants (Note 10)	—	46,310,183	46,310,183
	10,581,712	46,469,951	57,051,663

FUND BALANCES

	Operating Fund	Capital Fund	Total
Restricted (Page 7)	—	243,341	243,341
Unrestricted (Page 7)	(25,491)	1,343,256	1,317,765
	(25,491)	1,586,597	1,561,106
		—	
	$ 10,556,221	$ 48,056,548	$ 58,612,769

Commitments (Note 11)
Contingency (Note 15)

ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY

Statement of Changes in Fund Balances
Three-month period ended March 31, 2001

	Operating Fund	Capital Fund	Total
Restricted Fund Balances			
Balance, beginning of period $	— $	— $	—
Restricted fund balance transferred from Western Regional Health Board (Note 2)	—	243,341	243,341
Balance, end of period	—	243,341	243,341
Unrestricted Fund Balances			
Balance, beginning of period	—	—	—
Unrestricted fund balance transferred from Western Regional Health Board	—	1,397,891	1,397,891
Deficiency of revenues over expenses (Page 5)	(25,491)	(54,635)	(80,126)
Balance, end of period	(25,491)	1,343,256	1,317,765
Total Fund Balances $	(25,491) $	1,586,597 $	1,561,106

ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY

Statements of Cash Flows
Three-month period ended March 31, 2001

	Operating Fund	Capital Fund	Total
Net inflow (outflow) of cash related to the following activities:			
Operating			
Deficiency of revenues over expenses (page 5)	$ (25,491)	$ (54,635)	$ (80,126)
Adjusted for:			
Depreciation (Page 5)	—	940,149	940,149
Amortization (Page 5)	—	(864,000)	(864,000)
Changes in working capital items (Note 13)	1,921,690	(498,761)	1,422,929
	1,896,199	(477,247)	1,418,952
Financing			
Assumption of long-term debt from Western Regional Health Board	—	134,119	134,119
Proceeds from capital grants (Note 10)	—	47,174,183	47,174,183
Repayment of long-term debt	—	(7,362)	(7,362)
Net increase in restricted fund balances from Western Regional Health Board	—	243,341	243,341
Net increase in unrestricted fund balances from Western Regional Health Board	—	1,397,891	1,397,891
	—	48,942,172	48,942,172
Investing			
Investment in long-term assets from Western Regional Health Board	(92,328)	—	(92,328)
Investment in long-term assets	(1,291)	—	(1,291)
Net capital assets of the Western Regional Health Board	—	(47,267,628)	(47,267,628)
Acquisition of property, plan and equipment	—	(190,816)	(190,816)
Proceeds on disposal of property, plant and equipment	—	69,397	69,397
	(93,619)	(47,389,047)	(47,482,666)
Net cash inflow, being cash and cash equivalents at end of period	$ 1,802,580	$ 1,075,878	$ 2,878,458

ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY

Notes to the Financial Statements
Three-month period ended March 31, 2001

1. DESCRIPTION OF ORGANIZATION

The Annapolis Valley District Health Authority was formed by an Act of the Province of Nova Scotia as assented to by the Lieutenant Governor, on June 8, 2000 The Act came into force by proclamation of the Lieutenant Governor on January 1, 2001. The District Health Authority's mission is to maintain and improve the health and well-being of those we service throughout an integrated and accessible health system.

The facilities owned and operated by the District Health Authority are Annapolis Community Health Centre, Eastern Kings Memorial Community Health Centre, Soldiers Memorial Hospital and Valley Regional Hospital. In addition, the District Health Authority leases space to operate certain programs at the Western Kings Memorial Health Centre and other locations throughout Annapolis and Kings counties for the delivery of certain programs and services and supports five (5) Community Health Boards.

2. TRANSFER OF ASSETS, LIABILITIES AND FUND BALANCES

Assets, liabilities and fund balances of the Western Regional Health Board as at December 31, 2000 were transferred in accordance with the allocation methodology approved by the Department of Health to the Annapolis Valley District Health Authority effective January 1, 2001, as follows:

	Operating Fund	Capital Fund	Total
Cash and cash equivalents	$ 2,404,604	$ 385,851	$ 2,790,455
Accounts receivable	5,615,847	478,170	6,094,017
Inventory	1,013,301	—	1,013,301
Prepaid expenses	345,465	52,899	398,364
Long-term assets	92,328	—	92,328
Property, plant and equipment (net book value)	—	47,267,628	47,267,628
Accounts payable and accrued liabilities	(7,265,388)	(512,020)	(7,777,408)
Current portion of long-term debt	—	(29,440)	(29,440)
Revenue received in advance	(2,206,157)	—	(2,206,157)
Long-term debt	—	(104,679)	(104,679)
Deferred capital grants	—	(45,897,177)	(45,897,177)
Restricted fund balance	—	(243,341)	(243,341)
Unrestricted fund balance	—	(1,397,891)	(1,397,891)
	$ —	$ —	$ —

3. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting policies and include the following significant accounting policies:

a) Fund Accounting

Revenue and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund, reports the assets, liabilities, revenue and expenses related to the Annapolis Valley District Health Authority's capital assets and special purposes and endowment funds.

b) Revenue Recognition

The Annapolis Valley District Health Authority follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in the restricted Capital Fund balances.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

c) Property, Plant and Equipment

Purchased capital assets are recorded in the Capital Fund at cost. Contributed capital assets are recorded in the Capital Fund at fair value at the date of contribution. Capital assets transferred in under Note 2 are recorded at original costs less accumulated depreciation. Depreciation is provided on a straight-line basis at the following annual rates:

Land improvements	5 - 10%
Building and building service equipment	2.5 - 10%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

d) Deferred Capital Grants

Deferred contributions reported in the Capital Fund include grant revenue received from external sources restricted for the purchase of capital assets. Amortization of deferred capital grants is recognized as revenue on the same basis as depreciation of the related assets.

e) Inventory

Inventories are recorded at the lower of average cost and replacement cost, and include medical/surgical, drugs, and other general inventory.

4. ACCOUNTS RECEIVABLE

	Operating Fund	Capital Fund	Total
Department of Health			
Operating funding	$ 5,948,360	$ —	$ 5,948,360
Transition support program	211,463	—	211,463
Capital grants	—	357,324	357,324
Department of Veteran's Affairs	42,856	—	42,856
Patient Care	572,153	—	572,153
HST rebates	305,505	24,186	329,691
Homecare/VON	110,266	—	110,266
Charitable foundations	63,747	103,506	167,253
Psychiatric recoveries	143,504	—	143,504
Federal grant funding	33,164	—	33,164
Other	129,907	—	129,907
	$ 7,560,925	$ 485,016	$ 8,045,941

F2

5. LONG-TERM ASSETS

Long-term assets are comprised of employee advances to accommodate the change in pay dates, as a result of payroll conversions.

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation	Net Book Value
Land and land improvements	$ 381,421	$ 202,035	$ 179,386
Building and building service equipment	58,171,341	17,375,017	40,796,324
Equipment	30,174,259	24,885,983	5,288,276
Equipment under capital lease	716,308	531,396	184,912
	$ 89,443,329	$ 42,994,431	$ 46,448,898

7. BANK INDEBTEDNESS

The District Health Authority has available operating lines of credit with a Canadian chartered bank totalling $4.1 million. As well, the District Health Authority has available a capital line of credit in the amount of $1,025,000 with a Canadian chartered bank. As of March 31, 2001, interest charges on any overdraft accounts are prime less 0.75%. There were no amounts owing on these lines at March 31, 2001.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Operating Fund	Capital Fund	Total
Trade payables	$ 1,366,915	$ 18,297	$ 1,385,212
Accrued liabilities	695,679	14,714	710,393
Vacation pay	3,547,114	---	3,547,114
Salary and benefits	2,426,952	---	2,426,952
Other	250,680	---	250,680
	$ 8,287,340	$ 33,011	$ 8,320,351

9. LONG-TERM DEBT

Obligations Under Capital Leases - interest at 0%, maturing in 2006	$ 126,757
Current portion	(29,440)
	$ 97,317

Estimated minimum principal repayments over the next five years are expected to be as follows:

2002	2003	2004	2005	2006
$ 29,440	$ 29,441	$ 29,441	$ 29,441	$ 8,994

10. DEFERRED CAPITAL GRANTS

Balance, beginning of year	$	—
Transferred from Western Regional Health Board		45,897,177
Grant received for:		
Capital assets purchased		150,757
Future capital asset purchases		1,126,249
		47,174,183
Amortization of deferred capital grants		(864,000)
Balance, end of year	$	46,310,183

11. COMMITMENTS

Leases and Purchase Commitments

The Annapolis Valley District Health Authority has committed funds from operations for the purchase of film, occupancy and equipment leases. Estimated minimum lease payments and film purchases over the next five years are expected to be as follows:

2002	2003	2004	2005	2006
$ 319,650	$ 302,828	$ 269,753	$ 167,929	$ 167,929

12. PENSION PLAN

The Annapolis Valley District Health Authority contributes to two pension plans on behalf of its employees. The first plan is administered by the Nova Scotia Association of Health Organizations. The most recent actuarial valuation was conducted as at December 31, 1998 and showed an unfunded liability for the entire plan of $nil. The second plan is administered by the Province of Nova Scotia. The most recent actuarial valuation was conducted as at December 31, 1999 and showed an unfunded liability for the entire plan of $nil. The Annapolis Valley District Health Authority bears no financial responsibility for any unfunded liability of either plan.

13. CHANGES IN WORKING CAPITAL ITEMS

	Operating Fund	Capital Fund	Total
Accounts receivable	$ (7,560,925)	$ (485,016)	$ (8,045,941)
Inventory	(892,845)	—	(892,845)
Prepaid expenses	(206,252)	(46,756)	(253,008)
Accounts payable and accrued liabilities	8,287,340	33,011	8,320,351
Revenue received in advance	2,294,372	—	2,294,372
	$ 1,921,690	$ (498,761)	$ 1,422,929

14. PROVINCE OF NOVA SCOTIA RETIRING ALLOWANCE PROGRAM FOR EMPLOYEES OF HEALTH CARE FACILITIES

The Province of Nova Scotia Retiring Allowance Program for Health Care Facilities provides benefits for employees of the Western Regional Health Board (District Health Authority (#1), District Health Authority (#2), and District Health Authority (#3)) upon retirement. The most recent actuarial valuation was for the years ended March 31, 1998; March 31, 1999; and March 31, 2000.

Financial position of the entire program was as follows:

Continuity Schedule	2000-2001	1999-2000	1998-1999
Liability, April 1, Beginning of Year	$ 7,611,700	$ 6,578,200	$ 5,655,800
Current Service Costs	445,500	413,600	382,400
Interest on Liability	528,600	458,700	396,100
Current Year (Gain) Loss	—	161,200	143,900
Liability, March 31, End of Year	$ 8,585,800	$ 7,611,700	$ 6,578,200

(estimated)

Significant actuarial assumptions adopted in measuring the financial position of the program as at March 31, 2000 were based on information provided by the Nova Scotia Association of Health Organizations ("NSAHO"). The discount rate used was 6.56%.

All accumulated past liabilities from the retiring allowance program that relate directly to employees of the Western Regional Health Board will be fully funded by the Province of Nova Scotia, up to and including March 31, 2001. As a result, this liability has not been recorded in the financial statements. On a go forward basis, the financial position of the retiring allowance program will be funded by operations of the appropriate District Health Authority, that being one of District Health Authority (#1), District Health Authority (#2), or District Health Authority (#3).

15. CONTINGENCY

The Annapolis Valley District Health Authority has yet to reach a collective agreement with the employees of the Nova Scotia Nurses Union. The most recent collective agreement expired October 31, 2000. Although a retroactive wage adjustment is likely to cover the period from October 31, 2000 to March 31, 2001, it has been determined that such an amount can not be reasonably estimated based on information available prior to the release of the financial statements. As a result, the financial statements do not include a provision for this contingent liability. The Department of Health has agreed to fully fund any such liability on behalf of the Annapolis Valley District Health Authority.

16. COMPARATIVE FIGURES

No comparative figures have been shown in the financial statements as this is the first period of operations for the District Health Authority.

AUDITORS' REPORT

To the Chairman and Members of
Annapolis Valley Regional School Board

We have examined the Consolidated, Operating Fund, Capital Fund, Reserve Fund and Trust Fund balance sheets of the Annapolis Valley Regional School Board as at March 31, 2001, and the statements of operations for the year ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2001, and results of its operations and the changes in its capital position for the year then ended in accordance with generally accepted accounting principles adopted for Nova Scotia School Boards.

MACKENZIE, MORSE AND BREWSTER
Chartered Accountants

Berwick, Nova Scotia
May 29, 2001

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Consolidated Balance Sheet
as at March 31, 2001

ASSETS

	2001	2000
Current		
Cash	$ 610,618	$ 5,550
Receivables		
Province of Nova Scotia	1,389,120	6,233,965
Gov't of Canada	1,183,359	792,216
Other school boards	214,351	289,886
Other	510,862	1,367,241
Current portion of note	---	32,627
Due from Trust Funds	6,461	18,465
Prepaid expenses	7,026	43,159
Inventories	121,410	119,459
	4,043,207	8,902,568
Restricted cash & investments (Note 2)	76,181	34,560
Fixed assets at cost		
School property & equipment (Note 1)	82,550,963	81,796,859
School buses & other vehicles (Note 1)	4,884,426	4,592,652
	$ 91,554,777	$ 95,326,639

LIABILITIES

	2001	2000
Current		
Bank Indebtedness	$ ---	$ 5,310,592
Payables and accruals		
Trade	1,128,454	1,386,403
Other	1,405,565	840,623
Deferred Revenue	794,195	754,166
	3,328,214	8,291,784
Commitment to Early Retirement Program (Note 3)	---	18,526,149
Term Debt		
Capital Lease (Note 6)	121,887	266,639
	3,450,101	27,084,572

EQUITY

	2001	2000
Investment in Capital Assets	87,313,502	86,122,872
Surplus (Deficit) - Non Restricted	104,209	---
Surplus - Restricted (Cafeteria)	76,181	34,560
Reserves	610,784	610,784
Deficiency in Early Retirement Program	---	(18,526,149)
	88,104,676	68,242,067
	$ 91,554,777	$ 95,326,639

Contingencies (Note 6)
Commitments (Note 8)

The accompanying notes are an integral part of these financial statements.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Statement of Operations
for the year ended March 31, 2001

	Page	2001 Budget	2001 Actual	2000 Actual
Revenue				
Province of Nova Scotia	21	$ 69,600,972	$ 70,226,426	$ 73,798,491
Government of Canada	21	684,946	701,243	665,477
Appropriations from Councils	21	14,532,432	14,532,618	14,528,569
Board Operations	21	2,961,936	4,392,176	3,504,178
Transfer from Reserves		606,071	---	116,385
		88,386,357	89,852,463	92,613,100
Expenditures				
Regional Board Management	22	2,385,487	2,328,012	2,434,110
School Admin. & Instruction	22	59,204,675	59,445,367	60,528,973
School Cafeterias	23	1,063,481	1,152,538	1,070,626
Property Services	23	7,418,567	7,388,985	8,032,549
Pupil Transportation	23	6,254,172	6,258,323	6,497,591
Special Education	24	9,895,074	9,865,734	9,691,064
Adult Education	24	1,220,741	1,742,476	1,612,278
Federal Programs	24	21,006	47,856	60,968
Capital Purchases	24	923,154	1,518,963	1,605,972
Debt Service Costs	24	---	---	92,797
Prior Year's Deficit		---	---	389,234
		88,386,357	89,748,254	92,016,162
Excess of revenue over expenditure before transfer to reserves		---	104,209	596,938
Transfer to reserves		---	---	(596,938)
Excess of revenue over expenditure		$ ---	$ 104,209	$ ---

Statement of Continuity of Surplus (Deficit)
for the year ended March 31, 2001

	2001	2000
Balance, beginning of period	$ ---	$ (389,234)
Transfer to current operations	---	389,234
	---	---
Excess of revenue over expenditures	104,209	---
Balance, end of period	$ 104,209	$ ---

The accompanying notes are an integral part of these financial statements.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Operating Fund Balance Sheet
as at March 31, 2001

ASSETS

	2001	2000
Current		
Cash	$ 610,618	$ 5,550
Receivables		
Province of Nova Scotia	1,220,865	6,058,800
Government of Canada	1,183,359	792,216
Due from other Boards	214,351	289,886
Other	510,862	1,367,241
Note Receivable	---	32,627
Due from Capital Fund	168,255	175,165
Due from Trust Funds	6,461	18,465
Inventories, at cost	121,410	119,459
Prepaid expenses	7,026	43,159
	4,043,207	8,902,568
Restricted cash & Investments (Note 2)	76,181	34,560
	$ 4,119,388	$ 8,937,128

LIABILITIES

	2001	2000
Current		
Bank Indebtedness	$ ---	$ 5,310,592
Payables and accruals		
Trade	1,128,454	1,386,403
Other	1,405,565	840,623
Deferred Revenue	794,195	754,166
	3,328,214	8,291,784
Due to Reserve Fund	610,784	610,784
Commitment of ERP (Note 3)	---	18,526,149
	3,938,998	27,428,717

EQUITY

	2001	2000
Surplus - Restricted (Cafeteria)	76,181	34,560
Surplus - Non Restricted	104,209	---
Deficiency in ERP	---	(18,526,149)
	180,390	(18,491,589)
	$ 4,119,388	$ 8,937,128

Contingencies (Note 6)
Commitments (Note 8)

The accompanying notes are an integral part of these financial statements.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Capital Fund Balance Sheet
as at March 31, 2001

ASSETS

	2001	2000
Accounts Receivable		
Due from Province of NS	$ 168,255	$ 175,165
Fixed assets, at cost		
Land, buildings and improvements (Note 1)	74,139,146	73,496,635
Equipment and furnishings	8,411,817	8,300,224
School buses and other vehicles	4,884,426	4,592,652
	$ 87,603,644	$ 86,564,676

LIABILITIES

	2001	2000
Due to operating fund	$ 168,255	$ 175,165
Term debt		
Capital Lease (Note 4)	121,887	266,639

EQUITY

	2001	2000
Investment in capital assets	87,313,502	86,122,872
	$ 87,603,644	$ 86,564,676

Statement of Continuity in Investment in Capital Assets
for the year ended March 31, 2001

	2001	2000
Balance, beginning of period	$ 86,122,872	$ 88,605,935
Capital Expenditures:		
Land, Buildings & Improvements		
Capital Grant, L E Shaw Project	---	10,618
Capital Grant Renovation Projects	---	76
	---	10,694
Capital expenditures from operating:		
School buses	600,600	421,232
Equipment and furnishings	256,346	386,792
Land, building & Improvements	642,510	768,292
	1,499,456	1,576,316
Retirement of debt:		
Debt	---	89,014
	---	89,014
Retirement of fixed assets:		
Disposal of Building	---	(4,040,442)
School buses	(308,826)	(118,645)
	1,190,630	(2,483,063)
Balance, end of period	$ 87,313,502	$ 86,122,872

The accompanying notes are an integral part of these financial statements.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Reserve Fund Balance Sheet
as at March 31, 2001

ASSETS

		2001		2000
Due from Operating Fund	$	610,784	$	610,784
	$	610,784	$	610,784

EQUITY

		2001		2000
Special Capital	$	96,938	$	96,938
Reserves for program enhancement:				
School Bus Disposal		9,132		9,132
KCDSB History		2,000		2,000
Prof. Development - Kings		2,714		2,714
Future Operations		500,000		500,000
	$	610,784	$	610,784

Statement of Continuity of Reserves
For the year ended March 31, 2001

	Balance at March 31,2000		Transfers from Operating		Transfers to Operating		Balance at March 31, 2001
Special Capital	96,938	$	---	$	---	$	96,938
School Bus Disposal	9,132		---		---		9,132
KCDSB History	2,000		---		---		2,000
Prof. Development - Kings	2,714		---		---		2,714
Future Operations	500,000		---		---		500,000
	610,784	$	---	$	---	$	610,784

The accompanying notes are an integral part of these financial statements.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Trust Funds Balance Sheet
as at March 31, 2001

ASSETS

	2001	2000
Cash	$ 626,476	$ 554,686
Investments, at cost	3,700	3,700
Due from (to) operating account	(6,461)	(18,465)
	$ 623,715	$ 539,921

EQUITY

	2001	2000
Trust funds (Note 5)	$ 623,715	$ 539,921

Statement of Trust Funds
for the year ended March 31, 2001

	2001	2000
Balance, beginning of period	$ 539,921	$ 473,581
Donations received	226,907	112,691
Interest earned	34,854	23,737
Disbursements	(177,967)	(70,088)
Balance, end of period	$ 623,715	$ 539,921

The accompanying notes are an integral part of these financial statements.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Supplementary Detail of Revenues
for the year ended March 31, 2001

	2001		
	Budget	Actual	2000 Actual
PROVINCE OF NOVA SCOTIA			
General Formula	$ 63,068,100	$ 63,092,673	$ 62,857,912
Special education	4,862,300	4,837,727	4,862,300
Textbook Allocation	865,000	865,000	750,600
French special project	12,000	13,791	13,439
French Immersion	67,972	58,035	37,083
Bus purchase grant	600,600	600,600	600,600
Emergency capital grants	---	---	140,000
Other	125,000	758,600	4,536,557
	$ 69,600,972	$ 70,226,426	$ 73,798,491
GOVERNMENT OF CANADA			
Human Resources Development	$ 238,476	$ 231,092	$ 316,864
Native students	200,875	216,764	171,292
Secretary of State:			
Minority Language	42,400	26,379	33,024
French Special Projects	33,265	81,923	52,809
French Immersion	169,930	145,085	92,039
Other	---	---	(551)
	$ 684,946	$ 701,243	$ 665,477
APPROPRIATIONS FROM COUNCILS			
Mandatory			
Town of Annapolis Royal	$ 82,738	$ 82,738	$ 80,319
Town of Berwick	317,579	317,579	328,055
Town of Bridgetown	126,051	126,051	109,501
Town of Hantsport	180,508	180,508	182,898
Town of Kentville	819,527	689,213	791,591
Town of Middleton	235,443	235,443	255,964
Town of Windsor	480,434	480,448	480,040
Town of Wolfville	427,621	427,793	444,181
Municipality of Annapolis	2,332,224	2,332,224	2,333,416
Municipality of Kings	7,907,611	8,037,925	7,930,422
Municipality of West Hants	1,622,696	1,622,696	1,592,182
	$ 14,532,432	$ 14,532,618	$ 14,528,569
BOARD OPERATIONS			
Investment interest	$ 35,000	$ 126,498	$ 12,798
Cafeterias	1,063,481	1,138,524	1,055,873
Adult Education Fees & Revenues	811,133	1,461,974	988,210
Facility and Bus Rental	5,000	7,286	21,134
Sale of Assets	6,500	5,519	576
Other Fees & revenues	1,040,822	1,652,375	1,425,587
	$ 2,961,936	$ 4,392,176	$ 3,504,178

The accompanying notes are an integral part of these financial statements.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Supplementary Details of Expenditures
for the year ended March 31, 2001

	2001		
	Budget	Actual	2000 Actual
REGIONAL BOARD MANAGEMENT			
Salaries and Wages	$ 1,351,508	$ 1,356,723	$ 1,250,575
Board Member expense	110,400	110,099	107,258
Employee benefits	84,982	94,932	172,735
Supplies and materials	107,840	99,823	112,338
Telephone	36,464	40,936	11,349
Travel and conference - staff	44,294	25,035	49,178
Travel and conference - board	36,300	33,812	50,740
Insurance	114,180	114,180	104,250
Professional fees	97,150	94,071	117,010
Contracted Services	10,213	9,361	20,914
Office Rental & Maintenance	166,847	166,860	150,523
Advertising and Promotion	44,100	26,367	48,949
Equipment Contracts	4,500	3,566	4,418
NSSBA & Other Dues & Fees	48,312	44,545	87,768
In-Service & Prof. Development	5,100	6,674	15,447
Occupational Health & Safety	16,073	7,378	80,285
Bank charges	68,100	69,796	34,843
School Board Elections	25,000	8,641	
Other	14,124	15,213	15,530
	$ 2,385,487	$ 2,328,012	$ 2,434,110
SCHOOL ADMINISTRATION & INSTRUCTION			
Salaries and Wages			
Administration	$ 4,787,990	$ 5,010,776	$ 4,805,847
Instructional	40,959,810	40,286,972	40,436,483
Substitutes	1,762,000	1,918,184	1,931,360
Sabbatical	222,000	210,000	364,026
Library	703,095	700,202	696,382
Guidance	876,260	876,260	901,609
Clerical	1,682,897	1,803,989	1,586,062
Other	1,486,661	1,460,977	1,457,310
Employee Benefits	3,218,787	3,119,024	3,109,576
Professional Development	434,800	335,441	457,300
Service Awards	240,000	278,843	1,071,662
Supplies and Materials	1,175,816	1,313,948	1,501,421
Inservice training	62,900	89,864	182,526
Conference grants	113,000	125,672	88,247
Travel and conferences	119,839	116,903	162,239
Telephone	248,886	259,252	226,746
Computer Services	180,385	189,820	294,486
Textbook Allocation	865,000	865,000	865,000
Library books and aids	6,094	26,227	60,086
Other	58,455	458,013	330,605
	$ 59,204,675	$ 59,445,367	$ 60,528,973

The accompanying notes are an integral part of these financial statements.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Supplementary Details of Expenditures (continued)
for the year ended March 31, 2001

	2001		
	Budget	Actual	2000 Actual
SCHOOL CAFETERIAS			
Salaries and Wages	$ 333,814	$ 370,440	$ 343,290
Employee Benefits	39,667	39,746	38,897
Food and materials	690,000	742,352	688,439
	$ 1,063,481	$ 1,152,538	$ 1,070,626
PROPERTY SERVICES			
Rental of Facilities P3	$ ---	$ ---	$ 684,000
Salaries and wages	2,270,366	2,242,914	2,205,129
Employee benefits	347,776	344,361	336,863
Supplies and materials	694,000	567,136	778,295
In-Service & Prof. Development	90	416	299
Travel and conferences	60,487	50,623	59,971
Insurance	187,975	188,075	170,887
Utilities	2,175,620	2,282,147	1,952,053
Contracted services - Maintenance	259,500	216,989	291,398
Contracted services - Custodial	1,366,321	1,420,335	1,396,708
Telephone	23,544	22,255	45,214
Computer Services	300	177	13,190
Other Expenses	32,588	53,557	98,542
	$ 7,418,567	$ 7,388,985	$ 8,032,549
PUPIL TRANSPORTATION			
Salaries and Wages	$ 1,716,853	$ 1,766,025	$ 1,729,944
Employee benefits	267,251	280,272	246,270
Vehicle operating:			
Gas and oil	171,883	236,629	160,951
Tires	37,400	40,761	37,381
Repairs and maintenance	258,312	265,103	157,226
License and insurance	43,000	42,728	42,977
Supplies and materials	108,082	69,429	110,509
Maintenance and utilities:			
Garages	32,850	45,596	32,587
Bus Site maintenance	2,300	1,393	2,253
Travel & conferences	14,385	17,923	19,207
Contract conveyance	3,559,104	3,504,434	3,965,033
Inservice training	6,700	7,727	4,870
Extra-curricular (Recoveries)	---	(52,804)	(48,709)
Telephone	10,752	11,064	11,565
Other	25,300	22,043	25,527
	$ 6,254,172	$ 6,258,323	$ 6,497,591

The accompanying notes are an integral part of these financial statements.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Supplementary Details of Expenditures (continued)
for the year ended March 31, 2001

	2001		
	Budget	Actual	2000 Actual
SPECIAL EDUCATION			
Salaries and Wages	$ 8,978,868	$ 8,916,325	$ 8,851,038
Employee benefits	783,347	811,937	667,382
Supplies and materials	61,843	41,831	75,073
Travel and conferences	42,550	50,222	63,096
Telephone	14,116	12,255	10,435
In Service & Prof. Development	4,350	2,334	13,740
Other	10,000	30,830	10,300
	$ 9,895,074	$ 9,865,734	$ 9,691,064
ADULT EDUCATION			
Salaries and wages	$ 854,479	$ 1,060,030	$ 1,054,383
Employee benefits	62,650	80,724	80,426
Supplies and materials	90,100	225,483	191,374
Travel and conferences	23,800	43,190	48,458
Facility Rental	86,000	126,365	125,099
Telephone	19,712	30,004	38,320
Inservice & Prof. Development	6,000	40,025	21,816
Computer Services	6,800	9,065	6,084
Advertising & Promotion	19,200	23,824	46,298
Other	52,000	103,766	20
	$ 1,220,741	$ 1,742,476	$ 1,612,278
FEDERAL PROGRAMS			
Co-op Education	$ 21,006	$ 47,856	$ 8,232
Reading Recovery	—	---	52,736
	$ 21,006	$ 47,856	$ 60,968
DEBT SERVICE COSTS			
Principal	$ ---	$ ---	$ 89,014
Interest	---	---	3,783
	$ ---	$ ---	$ 92,797
CAPITAL PURCHASES			
Repair and renovations	$ 129,262	$ 642,510	$ 768,292
Furniture and equipment	193,292	275,853	416,448
Transportation - buses	600,600	600,600	421,232
	$ 923,154	$ 1,518,963	$ 1,605,972

The accompanying notes are an integral part of these financial statements.

1. Summary of significant accounting policies

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed by the Department of Education School Board Financial Handbook.

Financial statement presentation

The financial statements to the Board have been prepared in accordance with the fund basis of accounting.

Basis of accounting

The financial statements have been prepared using the modified accrual basis of accounting. Major revenue and expenditure items are recorded on the accrual basis. Teachers' salaries and those of non-teaching employees are recorded on the cash basis. No provision is made for the accrual of service award credits earned. Outstanding purchase orders at the balance sheet date are accrued and recorded as payables.

School property, equipment, buses and other vehicles

School property, equipment and buses taken over from the Kings County District School Board which were previously transferred from the Kings County Amalgamated School Board and the Town of Hantsport have been recorded at costs to the Amalgamated Board and the Town respectively. Assets taken over from the Annapolis District School Board and Hants West District School Board which were formerly held by municipal units are recorded at their transferred amount.

Under the previous district school board agreements for the Annapolis and Hants West District School Boards, all school buildings and land on hand at December 31, 1981 remain assets of the municipal units but are under the operational control of the Board until such time as the Board no longer requires the asset for school board purposes. At that time control will revert back to the municipal units.

All major capital additions to school buildings on hand at December 31, 1981 and any new school construction commencing after that date are assets of the Board. As a result, the Board now has an interest in real property to which it does not have title. Under the Education Act, should a municipal unit sell a building returned to it by the school board under the circumstances noted above, a portion of the proceeds will be payable to the school board. In the event of the destruction of a building such that insurance proceeds are payable, a portion of these proceeds, related to the improvements, will similarly be payable to the school board.

All capital additions and acquisitions since December 31, 1981 have been recorded at actual cost. Depreciation is not being recorded on the school buildings, equipment, buses or other vehicles.

2. Restricted cash and investments

Schedule of restricted cash and investments: Operating fund (pg. 17)	2001	2000
Surplus - Restricted (Cafeterias)	$ 76,181	$ 34,560

3. Early Retirement Program

During the 2000-2001 fiscal year the Province of Nova Scotia assumed full responsibility for the Early Retirement Plan (1994-1998).

4. Board Lease Liability

Lease Liability

During 1998-99 the Annapolis Valley Regional School Board entered into two Capital Lease Agreements for equipment purchases. The remaining commitments for subsequent years are as follows:

2001-2002	$ 121,887

5. Trust funds

The Annapolis Valley Regional School Board manages a number of trust funds primarily for the generation of scholarships and awards. The following is a summary of the trusts and their activity during the year. Effective April 1, 1997 the Board incorporated the activities of the former Kings County District School Board Foundation. These are now carried as a separate Trust Account.

Managed Trust Funds:

	March 31, 2000	Additions	Interest	Disbursements	March 31, 2001
ACES Trust	$ 3,151	$ —	$ 159	$ 1,000	$ 2,310
ARRA Library Trust	5,793	70	334	—	6,197
Atkinson Trust	2,212	125	124	350	2,111
BarteauTrust	—	5,082	206	500	4,788
Bateman Trust	1,097	—	63	—	1,160
Beals Trust	120,137	21,939	7,510	5,300	144,286
Beattie Trust	10,491	—	596	425	10,662
BergevinTrust	—	1,204	47	200	1,051
Blackburn Trust	44	—	2	—	46
Borden Trust	3,394	—	194	150	3,438
BrannonTrust	—	870	24	—	894
Carter Trust	6,796	—	375	500	6,671
Clarke	—	6,191	165	—	6,356
Coldwell Trust	5,170	—	291	225	5,236
Cummings Trust	12,640	—	718	500	12,858
Dalton Trust	15,499	—	886	625	15,760
DeEll Trust	52,518	—	3,020	—	55,538
EvansTrust	—	973	35	150	858
Haskell Trust	22,036	1,000	1,286	1,000	23,322
Hibbard Trust	10,513	—	594	400	10,707
Horton Alumni	2,328	—	126	250	2,204
Hudgins Trust	415	—	23	18	420
Inglis Trust	21,203	—	1,195	950	21,448
Jones - BRES	4,693	—	295	—	4,988
Jones-BRHS	14,113	2,599	926	4,455	13,183
Johnson Trust	11,198	—	630	450	11,378
KCA Closing	—	5,000	212	—	5,212
KCDSB Trust(Warner)	5,051	64	291	—	5,406
LockhartTrust	—	1,999	75	500	1,574
Lyons Trust	4,745	—	267	220	4,792
Margeson	—	2,302	3	—	2,305
MacFarlane	—	8,407	244	—	8,651
MacNutt Trust	32,108	800	1,860	1,000	33,768
Mitchell Trust	1,327	—	76	60	1,343
MRH 40 th Ann. Trust	10,720	4	607	400	10,931
Neily Trust	408	—	23	8	423
Nixon Trust	4,948	500	300	250	5,498
Harry E. Parker Trust	2,789	1,580	224	200	4,393
Rena B. Parker Trust	37,659	—	2,120	1,740	38,039
Quartermain Trust	333	1,464	56	600	1,253
Rainforth Trust	413	—	24	—	437
Sinnott Trust	10,799	—	609	500	10,908
Earle Spicer Trust	22,341	—	1,056	850	22,547
WorthylakeTrust	—	15,648	617	2,000	14,265
Funds held temporarily for redistribution:					
Foundation	80,839	149,086	6,366	152,191	84,100
	$ 539,921	$ 226,907	$ 34,854	$ 177,967	$ 623,715

6. Contingencies

There are a number of claims and possible claims outstanding against the Board. The outcomes of these claims are not determinable and therefore no amounts have been recorded in the accounts of the Board. Any settlements resulting from the resolution of these claims will be treated as a charge to operations in the period the settlement occurs.

7. Pension Plan

The Board contributes to Registered Retirement Savings Plans and Registered Pension Plans on behalf on the non-teaching employees. The Boards teachers are covered by a pension plan established by the Province pursuant to the Teacher's Pension Act.

8. Commitments

Facility Rental

On March 5, 1997 the Annapolis Valley Regional School Board accepted a proposal from the Western Kings Memorial Health Centre for the provision of 17,000 square feet of office space to house the regional school board's administrative operations. Subsequently the Board also approved the acquisition of a further 1,000 square feet. The Board has entered into a 10 year lease for the facility and is committed to the following lease payments:

2001-2002	$ 135,000
2002-2003	$ 144,000 + prior year CPI
2003-2004	Prior year rate + prior year CPI
2004-2005	Prior year rate + prior year CPI
2005-2006	Prior year rate + prior year CPI
2006-2007	Prior year rate + prior year CPI

Addition

During 1999-2000, the Board acquired 1,248 square feet of storage space in the building basement for an annual flat rate of $5,000. As well, 2,160 additional square feet were acquired and renovated on the second floor for the duration of the original lease term. This additional space is at the rate of $10.00 per square foot with a minimum 3% annual increase.

P-3 Schools

The Board currently has three schools which were built and are operated under the Public Private Partnership arrangement with the Province of Nova Scotia as the lessee. The lease contains both a capital and operating component and all payments are made by the Province to the Private Partner. Since school boards are generally responsible for school operating expenses, the Province recovers a portion of the operating lease payment from the Board. The recovery amount is deducted from the Board's annual funding allocation before the funding is distributed. The recovery amount for the 2000-01 fiscal year was $883,900. The recovery amount for 1999-2000 was $684,000.

AUDITOR'S REPORT

To the Governors and Members of the
Art Gallery of Nova Scotia

We have audited the financial statements of the Art Gallery of Nova Scotia consisting of the following:

Art Gallery of Nova Scotia - Combined Balance Sheet as at March 31, 2001

Gallery, Gallery Shop, Product Developmen and Western Branch - Balance Sheet as at March 31, 2001

Gallery - Statement of Revenue, Expenditures and Deficit for the year ended March 31, 2001

Gallery Shop - Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2001

Product Development - Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2001

Western Branch - Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2001

Endowment Fund
- Balance Sheet as at March 31, 2001
- Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2001

Phase II Expansion Fund
- Balance Sheet as at March 31, 2001
- Statement of Revenue, Expenditures and Deficit for the year ended March 31, 2001

Acquisition Fund
- Balance Sheet as at March 31, 2001
- Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2001

These financial statements are the responsibility of the Gallery's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Art Gallery of Nova Scotia derives revenues from donation receipts, special events, corporate campaigns, admissions and other income, the completeness of which is not susceptible of conclusive audit verification. Accordingly, we were unable to determine whether any adjustments for unrecorded revenues might be necessary to revenue, excess (deficiency) of revenue over expenditures for the year or surplus (deficit).

In our opinion, except for the effect of any adjustments which might have been required had we been able to satisfy ourselves with respect to the revenue described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Art Gallery of Nova Scotia as at March 31, 2001 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

ERNST & YOUNG LLP
Chartered Accountants

Halifax, Canada
May 11, 2001

ART GALLERY OF NOVA SCOTIA

Combined Balance Sheet
as at March 31, 2001

	2001	2000
ASSETS		
Current		
Cash and cash equivalents	$ 1,048,260	$ 614,524
Accounts receivable	99,546	140,044
Inventory	194,767	147,240
	1,342,573	901,808
Investments (market value - $3,007,982; 2000 - $3,517,977) (note 5)	2,527,573	3,072,107
	$ 3,870,146	$ 3,973,915
LIABILITIES AND SURPLUS		
Current		
Accounts payable and accrued liabilities	$ 2,401,538	$ 2,223,340
Deferred revenue	66,140	48,800
	2,467,678	2,272,140
(Deficit) Surplus - Gallery	(142,958)	3,763
Surplus - Gallery Shop	166,085	159,293
Surplus - Product Development	3,876	—
Surplus - Western Branch	2,750	197,168
Surplus - Endowment Fund	2,023,576	2,142,734
Deficit - Phase II Expansion Fund	(654,875)	(783,009)
Surplus (deficit) - Acquisition Fund	4,014	(18,174)
	1,402,468	1,701,775
	$ 3,870,146	$ 3,973,915

Gallery, Gallery Shop, Product Development and Western Branch
Balance Sheet
as at March 31, 2001

	2001	2000
ASSETS		
Current		
Cash and cash equivalents	$ 177,269	$ 346,507
Accounts receivable	98,169	138,042
Due from Acquisition Fund	10,000	5,000
Due from Endowment Fund	18,900	19,608
Due from Phase II Expansion Fund	26,800	7,500
Inventory	194,767	147,240
	$ 525,905	$ 663,897
LIABILITIES AND SURPLUS		
Current		
Accounts payable and accrued liabilities	$ 430,012	$ 254,873
Deferred revenue	66,140	48,800
	496,152	303,673
(Deficit) Surplus - Gallery	(142,958)	3,763
Surplus - Gallery Shop	166,085	159,293
Surplus - Product Development	3,876	—
Surplus - Western Branch	2,750	197,168
	29,753	360,224
	$ 525,905	$ 663,897

See accompanying notes

ART GALLERY OF NOVA SCOTIA

Gallery
Statement of Revenue, Expenditures and Deficit
for the year ended March 31, 2001

	2001	2000
Revenue		
Province of Nova Scotia (note 3)	$ 1,003,050	$ 1,180,000
Sponsorships	330,760	168,646
Contribution from Endowment Fund	215,000	225,000
Other income (note 2)	175,813	88,516
Special grants (note 3)	171,900	176,900
Admission	47,420	38,924
Memberships	42,753	39,264
Donations - AGNS appeal, major gifts	42,372	35,288
Public Education Programs	40,243	46,323
Special events	27,740	34,195
Corporate campaign	20,340	15,841
Contribution from Gallery Shop	10,000	7,000
Interest	8,715	10,108
Phase II expansion fees	—	7,500
	2,136,106	2,073,505
Expenditures (Schedule)		
Salaries and benefits	793,110	783,006
Building operations	602,121	578,787
Exhibitions and Programming	600,497	435,251
Administration	153,230	147,622
Development/public relations	101,724	105,007
Printing and publication	15,219	11,619
Technology	10,081	4,335
Miscellaneous	6,845	7,275
	2,282,827	2,072,902
Excess of expenditures over revenue for the year	(146,721)	603
Surplus, beginning of year	3,763	3,160
(Deficit) surplus, end of year	$ (142,958)	$ 3,763

See accompanying notes

ART GALLERY OF NOVA SCOTIA

Gallery
Schedule of Expenditures
for the year ended March 31, 2001

	2001	2000
Salaries and Benefits		
Salaries and employee benefits	$ 793,110	$ 783,006
	793,110	783,006
Building Operations		
Utilities	209,061	205,751
Security	174,376	170,165
Climate control	133,188	124,941
Building maintenance and cleaning	46,275	43,669
Insurance	26,237	23,384
Elevator maintenance	9,063	10,031
Building repairs	3,921	846
	602,121	578,787
Exhibitions and Programming		
Programs	576,092	398,807
Workshop supplies	8,625	14,705
Vehicle	7,722	5,515
Collections management and gallery services	6,454	14,855
Conservation lab	1,604	1,369
	600,497	435,251
Administration		
Stationery and postage	57,188	51,935
Telephone	28,312	26,178
Travel	26,946	25,534
Professional fees	16,302	19,105
Equipment rental	13,890	14,458
Memberships	5,535	5,208
Equipment maintenance	4,134	2,866
Delivery administration	923	2,338
	153,230	147,622
Development/public relations		
Development/public relations	101,724	105,007
	101,724	105,007
Printing and Publication		
Printing and publication	13,200	11,291
Photography	2,019	328
	15,219	11,619
Technology		
Technology	7,861	2,771
Training and development	2,220	1,564
	10,081	4,335
Miscellaneous		
Bank charges	4,031	3,434
Miscellaneous	2,814	3,841
	6,845	7,275
Total Expenditures	$ 2,282,827	$ 2,072,902

See accompanying notes

ART GALLERY OF NOVA SCOTIA

Gallery Shop
Statement of Revenue, Expenditures and Surplus
for the year ended March 31, 2001

	2001	2000
Revenue		
Art and craft sales	$ 237,144	$ 203,509
Art and craft sales on consignment	115,991	122,272
Books, notes and posters	38,983	57,240
	392,118	383,021
Cost of sales	225,591	207,421
Gross profit	166,527	175,600
Expenditures		
Salaries and employee benefits	96,165	76,769
Office and administration	51,629	43,721
Promotional	1,941	15,715
	149,735	136,205
Excess of gross profit over expenditures for the year	16,792	39,395
Surplus, beginning of year	159,293	149,548
Contribution to Gallery	(10,000)	(7,000)
Contribution to Acquisition Fund	—	(22,650)
Surplus, end of year	$ 166,085	$ 159,293

Product Development
Statement of Revenue, Expenditures and Surplus
for the year ended March 31, 2001

	2001	2000
Revenue	$ 43,494	$ —
Cost of sales	18,206	—
Gross profit	25,288	—
Expenditures		
Salaries and employee benefits	14,880	—
Office and administration	3,240	—
Promotional	2,685	—
Members' discount	607	—
	21,412	—
Excess of gross profit over expenditures for the year	3,876	—
Surplus, beginning of year	—	—
Surplus, end of year	$ 3,876	$ —

See accompanying notes

Western Branch
Statement of Revenue, Expenditures and Surplus
for the year ended March 31, 2001

	2001	2000
Revenue		
Special grants (note 3)	$ 220,000	$ 723,334
Donations	94,082	47,055
Fundraising	13,206	—
Interest	8,548	15,463
	335,836	785,852
Expenditures		
Building capital cost	474,935	419,874
Office and miscellaneous	28,730	10,693
Building fundraising	21,085	20,337
Building operations	5,504	4,713
	530,254	455,617
Excess of expenditures revenue for the year	(194,418)	330,235
Surplus (deficit), beginning of year	197,168	(133,067)
Surplus, end of year	$ 2,750	$ 197,168

Endowment Fund
Balance Sheet
as at March 31, 2001

ASSETS (note 4)

	2001	2000
Current		
Cash and cash equivalents	$ 9,669	$ 262,117
Accounts receivable	812	1,129
Due from Acquisition Fund	23,132	18,892
	33,613	282,138
Investments (market value - $3,007,982; 2000 - $2,817,977) (note 5)	2,527,573	2,372,106
	$ 2,561,186	$ 2,654,244

LIABILITIES AND SURPLUS

	2001	2000
Current		
Accounts payable	$ 5,218	$ 8,586
Due to Gallery	18,900	19,608
	24,118	28,194
Due to Phase II	513,492	483,316
Surplus		
Restricted	300,000	300,000
Unrestricted	1,723,576	1,842,734
	2,023,576	2,142,734
	$ 2,561,186	$ 2,654,244

See accompanying notes

ART GALLERY OF NOVA SCOTIA

Endowment Fund
Statement of Revenue, Expenditures and Surplus
for the year ended March 31, 2001

	2001	2000
Revenue (Note 4)		
Investment income	$ 154,985	$ 170,599
Life memberships	26,500	22,000
Marian deWitt Endowment	1,000	18,294
Oyler project	7,500	5,000
Restricted donations	150	10,507
Gallery endowments	---	4,117
	190,135	230,517
Expenditures (note 4)		
Trustee fees	24,762	21,183
Administration	16,049	13,116
Promotion and public relations	14,880	6,646
Donor restricted projects	7,921	2,329
Printing and postage	7,440	3,500
Life membership servicing	5,615	5,356
Gallery Endowment expenses	2,265	13,122
Receptions	300	822
Miscellaneous	61	4,581
	79,293	70,655
Excess of revenue over expenditures for the year	110,842	159,862
Surplus, beginning of year	2,142,734	2,215,872
	2,253,576	2,375,734
Contribution to Gallery	(215,000)	(225,000)
Contribution to Acquisition Fund	(15,000)	(8,000)
Surplus, end of year	2,023,576	2,142,734
Less: restricted surplus	(300,000)	(300,000)
Unrestricted surplus, end of year	$ 1,723,576	$ 1,842,734

See accompanying notes

ART GALLERY OF NOVA SCOTIA

Phase II Expansion Fund
Balance Sheet
as at March 31, 2001

	2001	2000
ASSETS		
Current		
Cash	$ 819,046	$ ---
Investments (market value - $nil; 2000 - $700,000) (note 5)	---	700,000
	819,046	700,000
Due from Endowment Fund	513,492	483,316
	$ 1,332,538	$ 1,183,316
LIABILITIES AND DEFICIT		
Current		
Accounts payable	$ 1,960,613	$ 1,958,825
Due to Gallery	26,800	7,500
	1,987,413	1,966,325
Deficit	(654,875)	(783,009)
	$ 1,332,538	$ 1,183,316

Phase II Expansion Fund
Statement of Revenue, Expenditures and Deficit
for the year ended March 31, 2001

	2001	2000
Revenue		
Pledges and donations	$ 176,390	$ 286,920
Investment income	71,910	59,508
	248,300	346,428
Expenditures		
Capital expenses	103,391	113,700
Fundraising expenses	10,189	9,844
Trustee fees	6,326	6,689
Furniture and fixtures	260	18,856
Miscellaneous	---	567
	120,166	149,656
Excess of revenue over expenditures for the year	128,134	196,772
Deficit, beginning of year	(783,009)	(979,781)
Deficit, end of year	$ (654,875)	$ (783,009)

See accompanying notes

ART GALLERY OF NOVA SCOTIA

Acquisition Fund
Balance Sheet
as at March 31, 2001

	2001	2000
ASSETS		
Current		
Cash	$ 42,276	$ 5,900
Accounts receivable	566	874
	$ 42,842	$ 6,774
LIABILITIES AND SURPLUS		
Current		
Accounts payable	$ 5,696	$ 1,056
Due toEndowment Fund	23,132	18,892
Due to Gallery	10,000	5,000
	38,828	24,948
Surplus (deficit)	4,014	(18,174)
	$ 42,842	$ 6,774

Statement of Revenue, Expenditures and Surplus
for the year ended March 31, 2001

	2001	2000
Revenue		
Donations:		
Art Sales and Rental Society	$ 45,000	$ 35,560
Other	21,790	32,625
Friends of the Gallery	6,000	7,083
Grants (note 3)	22,870	65,855
Contribution from Endowment Fund	15,000	8,000
AGNS Appeal	14,522	15,988
Interest	159	446
Contribution from Gallery Shop	---	22,650
	125,341	188,207
Expenditures		
Acquisitions	56,795	167,587
Appraisal and professional fees	30,808	15,249
Insurance	10,000	5,000
Promotion	2,009	4,228
Administration	2,000	10,543
Shipping	827	1,413
Miscellaneous	649	11,779
Bank charges	65	112
Permanent collection exhibit	---	1,663
Maud Lewis House	---	125
	103,153	217,699
Excess of revenue over expenditures for the year	22,188	(29,492)
(Deficit) surplus, beginning of year	(18,174)	11,318
Surplus (deficit), end of year	$ 4,014	$ (18,174)

See accompanying notes

ART GALLERY OF NOVA SCOTIA

Notes to Financial Statements
for the year ended March 31, 2001

1. Purpose of the Organization

The Art Gallery of Nova Scotia's ("AGNS") mandate is to preserve the provinces's unique visual and cultural history through the acquisition, conversation and display of art, and the provision of art education to learners of all ages.

The Art Gallery of Nova Scotia is registered as a charitable organization under the Income Tax Act and, s such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the AGNS must meet certian requirements within the Act. In the opinion of management, these requirements have been met.

2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Fund accounting

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the AGNS, the accounts of the AGNS are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into separate funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors or various funding authorities.

For financial reporting purposes, the accounts have been classified into the following seven groupings:

The AGNS Gallery Fund supports the day to day operations of the Gallery including all programming, exhibitions, development, public relations, conservation, and collections management.

The purpose of the AGNS Acquisition Fund is to purchase works of art for the Gallery and cover costs associated with acquiring these works.

The AGNS Endowment Fund exists to support and manage all of the investments for the long term survival of the Gallery. The investments are managed by a professional fund manager and the Investment Committee is responsible for monitoring the fund on behalf of the Board of Governors.

The AGNS Phase II Fund was established in 1998 when the Gallery began expansion into the Provincial Building. This fund will cease to exist when all pledges towards the project have been received.

The AGNS Western Branch Fund is primarily a capital fund with the purpose of completing the construction of the Western Branch in Yarmouth. The expected date of completion is 2002.

The AGNS Gallery Shop serves dual purposes, firstly it is an excellent showcase for AGNS branded products developed around major traveling exhibitions. Secondly, to extend the educational experience of our visitors exposing them to the best that Nova Scotia has to offer in fine craft and art. The sale of products also provides financial support to artists and craftspeople. Funds generated support acquisitions of art work for the Gallery and other special need projects.

AGNS Product Development is a new initiative this year for the Gallery to develop and market AGNS branded projects under various copyrights and provide an opportunity for AGNS to license its intellectual property. Potential revenues from this fund will be directed to special projects as determined by the Gallery.

Cash and equivalents

Cash and equivalents are cash and short term liquid investments with a maturity of 90 days or less.

Inventory
Inventory is valued at the lower of cost, determined on an average cost basis, and net realizable value.

Investments
Investments are recorded at cost. Income is recognized on the settlement date.

Revenue recognition
Revenue from donations is recognized when received. All other revenue, with the exception of investment income, is recognized on the accrual basis of accounting.

Acquisitions
Acquisitions of works of art, including donated works, become the property of the province of Nova Scotia. Accordingly, acquisitions paid for by the Art Gallery of Nova Scotia are expensed in the year acquired. Acquisitions expensed in the current year amounted to $56,795 (2000 - $167,587).

Other income

Other income includes revenue from rental spaces, catalogue sales, advertising and gallery services.

Contributed service

Volunteers contribute approximately 10,000 hours per year to assist the Art Gallery of Nova Scotia in carrying out its mandate. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

3. Government Assistance

During the year the Art Gallery of Nova Scotia recognized revenue from provincial, federal and other grants which are recorded as follows:

	2001	2000
Gallery Fund:		
Nova Scotia Department of Tourism and Culture	$ 1,003,050	$ 1,180,000
Canada Council for the Arts	165,900	165,900
Halifax Regional Municipality	6,000	6,000
Federal Department of Canadian Heritage	—	5,000
	1,174,950	1,356,900
Western Branch Fund:		
Nova Scotia Department of Tourism and Culture	80,000	—
Town of Yarmouth	50,000	—
Municipal District of Yarmouth	10,000	—
Department of Economic Development and Tourism	80,000	720,000
District of Argyle	—	3,334
	220,000	723,334
Acquisition Fund:		
Canada Council for the Arts	22,870	29,382
Federal Department of Canadian Heritage	—	36,473
	22,870	65,855
	$ 1,417,820	$ 2,146,089

4. Endowment Fund

Endowment Fund donations and bequests are allocated to the Endowment Fund together with investment income thereon. The income of the fund, or a portion thereof as determined by the Board of Governors, after a balance of $500,000 has been accumulated shall be available for the purpose of:

a) the acquisition of artworks for the permanent collection;
b) the expansion of exhibition and art education programs; and
c) other special projects.

The funds which will be placed in the Endowment Fund will be:

a) donations designated as such by the donor;
b) special types of donations which are stipulated to go to the Fund, such as Life Member's fees; and
c) any funds specifically designated by the Board of Governors.

Expenses relating to the activities of the Endowment Fund will be charged to the Endowment Fund.

5. Investments

The investments included in the Art Gallery of Nova Scotia's financial statements are comprised of the following:

	2001		2002	
	Cost	Market Value	Cost	Market Value
Endowment Fund				
Money market	$ —	$ —	$ 37,661	$ 37,661
Equity	2,527,573	3,007,982	2,334,446	2,780,316
	2,527,573	3,007,982	2,372,107	2,817,977
Phase II Expansion Fund				
GIC	—	—	700,000	700,000
	$ 2,527,573	$ 3,007,982	$ 3,072,107	$ 3,517,977

6. Comparative Amounts

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current year.

AUDITORS' REPORT

To The Directors of
Bedford Waterfront Development Corporation Limited

We have audited the balance sheet of Bedford Waterfront Development Corporation Limited as at March 31, 2001 and the statements of earnings and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of operations and cash flows of the Corporation for the year ended, in accordance with generally accepted accounting principles.

WHITE BURGESS LANGILLE INMAN
Chartered Accountants

Bedford, Nova Scotia
May 30 2001

BEDFORD WATERFRONT DEVELOPMENT CORPORATION LIMITED
(Formerly Bedford Waterfront Development Corporation)

Balance Sheet
as at March 31, 2001

	2001	2000
ASSETS		
CURRENT ASSETS		
Cash	$ 131,594	$ 1,303
Accounts receivable	629,326	742,187
Prepaid expenses	366	2,837
Mortgages receivable (note 4)	1,400,000	1,985,000
	2,161,286	2,731,327
REAL ESTATE AND DEVELOPMENT PROJECT - PHASE 1 (note 5)	—	—
REAL ESTATE AND DEVELOPMENT PROJECT - PHASE 2 (note 6)	680,840	948,200
JETTY BREAKWATER PROJECT (note 7)	471,021	394,377
CAPITAL ASSETS (note 8)	6,667	8,350
	$ 3,319,814	$ 4,082,254
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 40,962	$ 396,684
LONG-TERM DEBT (note 9)	3,155,363	3,562,081
	3,196,325	3,958,765
SHAREHOLDERS' EQUITY		
RETAINED EARNINGS	123,489	123,489
	123,489	123,489
	$ 3,319,814	$ 4,082,254

CONTINGENCY (note 10)
SUBSEQUENT EVENTS (note 11)

BEDFORD WATERFRONT DEVELOPMENT CORPORATION LIMITED
(Formerly Bedford Waterfront Development Corporation)

Statement of Earnings and Retained Earnings
for the year ended March 31, 2001

	2001	2000
REVENUE		
Grants - Province of Nova Scotia	$ 140,200	$ 165,000
Other income	63,341	965
	203,541	165,965
EXPENSES		
Chairman's fees	—	13,400
Professional fees	13,946	—
Directors' fees	4,600	11,026
Insurance	3,720	4,873
Interest and bank charges	54	204
Office expenses	9,542	10,171
Depreciation and amortization	1,683	2,109
	33,545	41,783
EXCESS OF REVENUE OVER EXPENDITURES	169,996	124,182
TRANSFER TO REAL ESTATE AND DEVELOPMENT PROJECTS	(169,996)	(124,182)
NET EARNINGS FOR THE YEAR	—	—
RETAINED EARNINGS - beginning of year	123,489	123,489
RETAINED EARNINGS - end of year	$ 123,489	$ 123,489

BEDFORD WATERFRONT DEVELOPMENT CORPORATION LIMITED
(Formerly Bedford Waterfront Development Corporation)

Statement of Cash Flows
for the year ended March 31, 2001

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash provided from (used in) operations		
Net earnings for the year	$ —	$ —
Items in earnings not involving cash		
Excess of revenue over expenditures	169,996	124,182
Depreciation and amortization	1,683	2,109
	171,679	126,291
Change in noncash working capital balances		
Accounts receivable	112,861	(649,752)
Prepaid expenses	2,471	(158)
Mortgages receivable	585,000	(1,685,000)
Accounts payable and accrued liabilities	(355,722)	209,289
	516,289	(1,999,330)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(406,718)	—
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of real estate and construction projects - Phase 1	—	(32,032)
Acquisition of real estate and construction projects - Phase2, net		—
of related revenues of $292,175 (2000 - 451,098)	97,364	(594,226)
Acquisition of jetty breakwater project	(76,644)	(52,137)
Net proceeds on disposal of land	—	2,472,083
	20,720	1,793,688
CHANGE IN CASH DURING THE YEAR	130,291	(205,642)
CASH - beginning of year	1,303	206,945
CASH - end of year	$ 131,594	$ 1,303

BEDFORD WATERFRONT DEVELOPMENT CORPORATION LIMITED
(Formerly Bedford Waterfront Development Corporation)

Notes to Financial Statements
for the year ended March 31, 2001

1. BASIS OF ACCOUNTING

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business.

2. GENERAL

Waterfront Development Project
The Corporation was created by a statue of the Legislature of Nova Scotia.

The principal objective of the Corporation is the development of the Bedford waterfront. During the year the Corporation continued development of the project.

3. SIGNIFICANT ACCOUNTING POLICIES

Capital Assets
Capital assets are stated at cost. Depreciation is provided by the diminishing balance method at the following annual rates:

Office equipment	20%
Computer hardware	30%
Computer software	100%
Information booth	20%
Silt curtain	20%

Capitalization
All expenditures directly related to acquisition, renovation, development and administration are included in the cost of real estate and development projects or the cost of the jetty breakwater project.

Real estate and development projects are recorded at the lower of cost and net realizable value. The jetty breakwater project is recorded at cost.

Income taxes
The Corporation is exempt from income taxes under subsection 149(1) of The Income Tax Act.

4. MORTGAGES RECEIVABLE

	2001	2000
Mortgage receivable - site 3.8	$ —	$ 300,000
Mortgage receivable - site 4.4 A1 - YB1	—	215,000
Mortgage receivable - site 4.5	1,400,000	1,470,000
	$ 1,400,000	$ 1,985,000

The amended vendor take-back mortgage on the sale of Site 4.5 accrues interest at 12 % per annum up to December 1, 2000, and at 8.5% per annum thereafter. The first payment of $70,000 was received in May 2000. The second payment of $725,000 is to be received on the earlier of June 30, 2001 or the date of the first draw received by the purchaser on its builders' first mortgage. The final payment of $675,000 is due on September 15, 2001.

5. REAL ESTATE AND DEVELOPMENT PROJECT - PHASE 1

		2001	2000
Real estate and development projects, at cost		$ 23,040,665	$ 23,132,813
Property taxes		—	4,589
Professional fees		—	11,685
Advertising		—	1,475
Rockfill		—	14,285
		—	32,034
TRANSFER OF EXCESS OF REVENUE OVER EXPENDITURES		—	(124,182)
		23,040,665	23,040,665
Less: Capital grants			
Federal	5,000,000		
Provincial	4,631,203		
Municipal	999,250	10,630,453	10,630,453
		12,410,212	12,410,212
Less: Asset conveyance to the Town of Bedford		6,783,307	6,783,307
Land Sales		4,108,035	4,108,035
Non-refundable deposits on land sales		71,692	71,692
Write down to realizable value		1,093,204	1,093,204
Transfer of costs to Real Estate and Development Project - Phase 2		353,974	353,974
		12,410,212	12,410,212
		$ —	$ —

Interest in the cumulative amount of $3,057,704 (2000 - $3,057,704) and dredging costs of $1.7 million are included in the total cost of real estate and development projects.

During a prior period, the Corporation conveyed the following assets at its cost to the Town of Bedford:

(a) parkland and open spaces including improvements thereto;
(b) boardwalks including improvements thereto;
(c) all streets and roads completed to Town standards;
(d) sidewalks and curbs completed to Town standards;
(e) sanitary and storm sewers and water devices built to Town standards; and
(f) certain municipal or civic parking areas to be controlled by the Town.

The cost allocated to these assets conveyed amounted to $6,783,307 and was determined on the basis of the specific contract cost of the bridge, approach road, services and walkways conveyed, landscaping costs specifically for the land conveyed plus the average cost per acre of the remaining land developed for Phase 1 times the number of acres conveyed.

6. REAL ESTATE AND DEVELOPMENT PROJECT - PHASE 2

	2001	2000
Transfer of costs from Real Estate and Development Project - Phase 1	$ 353,974	$ 353,974
Add: Construction and engineering	1,240,135	1,045,324
Less: Other revenues related to the completion of Phase 2	(743,273)	(451,098)
Less: Transfer of excess of revenues over expenditures	(169,996)	—
Real Estate and Development projects - Phase 2, at cost	$ 680,840	$ 948,200

7. JETTY BREAKWATER PROJECT

The Corporation is completing the south side of their lands by building a jetty breakwater, running southerly off Site 3.2. This jetty breakwater will provide pedestrian and public marine access to the Bedford Basin as well as weather protection for a large public marina.

The project is funded jointly by the Federal, Provincial and Municipal levels of governments as well as a contribution from the Corporation directly for a total cost of $2,266,433.

The project started in February 1997 and work on the north jetty breakwater has been substantially completed.

	2001	2000
Project, at cost		
Construction and engineering	$ 2,150,204	$ 2,094,948
Surveying and management fees	38,768	38,768
Marketing	15,660	15,660
Legal	61,801	40,413
	2,266,433	2,189,789
Less: Capital Grants		
Provincial	(450,000)	(450,000)
Federal	(400,000)	(400,000)
Municipal	(390,640)	(390,640)
	(1,240,640)	(1,240,640)
Less:		
Other revenues related to completion of the jetty project	(554,772)	(554,772)
	$ 471,021	$ 394,377

8. CAPITAL ASSETS

	2001			2000
	Cost	Accumulated Depreciation	Net	Net
Office equipment	$ 37,097	$ 34,499	$ 2,598	$ 3,248
Computer hardware	6,469	6,383	86	123
Computer software	1,158	1,158	—	—
Information booth	8,588	8,023	565	706
Silt curtain	9,272	5,854	3,418	4,273
	$ 62,584	$ 55,917	$ 6,667	$ 8,350

9. LONG-TERM DEBT

Department of Economic Development Loan		2001		2000
Balance - beginning of the year	$	3,562,081	$	3,562,081
Additional advances made during the year		—		—
Repayment from land sales		406,718		—
Balance - end of year	$	3,155,363	$	3,562,081

The above loan is to be repaid using excess funds from sales of the real estate developments, therefore no known current portion of long-term debt exists.

10. CONTINGENCY

A mechanic's lien action has been registered by Waterworks Construction Inc. claiming $918,077, being the cost to raise a cement caisson which sunk during construction of the north jetty referenced in note 7. It is the opinion of legal counsel that the claim will be defeated.

Nousha Investments Limited has commenced action against the Corporation claiming a proprietary interest in Site 4.5 (Phase 1) as a result of a letter of intent entered into with the Corporation during the year. It is the opinion of legal counsel that the claim will be defeated. This site has subsequently been sold to another purchaser, under which the agreement of purchase and sale required the Corporation to enter into an indemnity agreement to protect the purchaser against possible legal expenses and claims arising from this action.

11. SUBSEQUENT EVENT

Effective April 1, 2001, the Articles of Incorporation were amended to approve amalgamation with Waterfront Development Corporation.

AUDITORS' REPORT

To the Chairperson and Members of the Board of
Cape Breton District Health Authority

We have audited the statement of financial position of the Cape Breton District Health Authority as at March 31, 2001 and the statements of operations, changes in net assets and cash flows for the three months then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2001 and the results of its operations and the changes in its cash flows for the three months then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Sydney, Canada
September 10, 2001

CAPE BRETON DISTRICT HEALTH AUTHORITY

Statement of Financial Position

ASSETS

	March 31, 2001	January 1, 2001
Current Assets:		
Cash	$ 5,479,900	$ 6,373,632
Internally restricted cash	160,945	160,945
Accounts receivable (note 2)	18,603,267	15,175,535
Inventories (note 4)	2,339,853	2,549,859
Prepaid expenses	502,352	350,201
	27,086,317	24,610,172
Capital assets (note 5)		
Cost	246,682,272	243,673,060
Less accumulated amortization	80,970,913	78,712,523
	165,711,359	164,960,537
Other assets (note 7)		
Due from Department of Health for retirement allowance	10,176,924	9,880,021
	$ 202,974,600	$ 199,450,730

LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS

	March 31, 2001	January 1, 2001
Current liabilities:		
Accounts payables and accrued liabilities(note 6)	$ 28,067,819	$ 23,717,609
Deferred contributions for capital assets (note 8)	164,048,366	165,121,925
Other liabilities:		
Retirement allowance payable (note 7)	10,176,924	9,880,021
Net assets :		
Unrestricted (deficiency)	(1,142,447)	—
Restricted (note 1 (c))	160,945	160,945
Invested in capital assets (note 9)	1,662,993	570,230
	681,491	731,175
	$ 202,974,600	$ 199,450,730

Contingency (note 12)

See accompanying notes to the financial statements.

CAPE BRETON DISTRICT HEALTH AUTHORITY

Statement of Operations
Three months ended March 31, 2001

Income:		
Net patient income:		
Provincial plan	$ 35,942,704	
Other	2,744,020	
Medical service insurance	1,933,246	
Net differential	372,918	
Dietary recoveries	294,762	
Miscellaneous	142,721	
Investment income	70,370	
Referred in work	11,360	
Equipment grant	9,627	$ 41,521,728
Expenses:		
Nursing inpatient services	14,600,792	
Support services	11,710,706	
Diagnostic and therapeutic services	7,373,979	
Ambulatory care services	6,108,140	
Addiction services	868,791	
Public health	714,828	
Education	144,492	41,521,728
Excess of revenue over expenditures before below noted items		—
Amortization of deferred contributions related to capital assets	2,208,706	
Amortization of capital assets	(2,258,390)	
Retirement allowance	296,903	
Department of Health funding for retirement allowance	(296,903)	(49,684)
Excess of expenditure over revenue		$ (49,684)

Statement of Changes in Net Assets
Three months ended March 31, 2001

	Unrestricted	Restricted	Investment in capital assets	Total
Balance, beginning of period	$ —	$ —	$ —	$ —
Acquired from predecessor entities	—	160,945	570,230	731,175
Excess of expenditure over revenue	—	—	(49,684)	(49,684)
Net change in investment in capital assets (note 9)	(1,142,447)	—	1,142,447	—
Balance, end of period	$ (1,142,447)	$ 160,945	$ 1,662,993	$ 681,491

See accompanying notes to the financial statements.

CAPE BRETON DISTRICT HEALTH AUTHORITY

Statement of Cash Flows
Three months ended March 31, 2001

Cash provided by (used in):		
Operation activities:		
Excess of expenditure over revenue	$ (49,684)	
Items not involving cash:		
Amortization of capital assets	2,258,390	
Amortization of deferred contributions related to capital assets	(2,208,706)	
Retirement allowance	(296,903)	
Department of Health funding for retirement allowance	296,903	
Change in non-cash operating working capital:		
Increase in accounts receivable	(3,427,732)	
Decrease in inventories	210,006	
Increase in prepaid expenses	(152,151)	
Increase in accounts payable and accrued liabilities	4,350,210	$ 980,333
Financing and investing activities:		
Purchases of capital assets	(3,009,212)	
Contribution for capital assets	1,135,147	(1,874,065)
Decrease in cash		(893,732)
Cash, beginning of period		6,534,577
Cash, end of period		$ 5,640,845
Cash is represented by the following:		
Cash internally restricted		$ 160,945
Cash		5,479,900
		$ 5,640,845

See accompanying notes to the financial statements.

CAPE BRETON DISTRICT HEALTH AUTHORITY

Notes to Financial Statements
Three months ended March 31, 2001

On June 8, 2000, Bill #34 - The Health Authorities Act, received Royal Asset. This legislation abolished Regional Health Boards and replaced them with Health Authorities. The effects on the former Cape Breton Healthcare Complex are as follows: Cape Breton Regional Hospital, Glace Bay Healthcare Corporation, New Waterford Consolidated Hospital, Northside Harbour View Hospital, Inverness Consolidated Memorial Hospital, Sacred Heart Healthcare Centre, Victoria County Memorial Hospital and Buchanan Memorial Healthcare Centre form District Health Authority #8. As a result of this legislation, the Cape Breton Healthcare Complex ceased operations effective December 31, 2000 and was replaced by District Health Authority #8 on January 1, 2001.

District Health Authority #8 changed its name to operate as Cape Breton District Health Authority.

The Health Authority's principal activity is to operate and manage designated hospitals and provide other health related activities to the residents of Cape Breton.

1. Significant accounting policies:

These financial statements have been prepared in accordance with generally accepted accounting principles. Significant accounting policies are summarized as follows:

(a) Revenue Recognition

The Health Authority follows the deferral method of accounting for contributions which include donations and government grants.

The Health Authority is funded primarily by the Province of Nova Scotia in accordance with budget arrangements established by the Department of Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions, other than endowment contributions, are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

(b) Inventories

Inventories are stated at cost.

(c) Restricted

Funds donated from outside agencies or individuals which have been designated for a specific purpose have been restricted.

(d) Capital assets:

Capital assets are stated at cost.

Capital assets are amortized on the straight-line basis using the following annual rates:

Asset	Rates
Land improvements	5%
Buildings and service equipment	2% - 5%
Major equipment	5% - 20%
Equipment under capital lease	10% - 20%

2. Accounts receivable:

	March 31, 2001	January 1, 2001
Patients (less allowance for doubtful accounts)	$ 771,373	$ 818,068
Medical service insurance	493,500	304,061
Department of Community Services	44,310	84,000
Level 11 Care (less allowance for doubtful accounts)	526,859	446,131
Harmonized sales tax	1,067,218	714,386
Hospital Foundations (note 11)	1,073,858	1,538,592
Veterans	259,153	260,664
Sundry	1,652,950	1,023,621
Guysborough Antigonish Strait Health Authority	—	338,845
Department of Health (note 3):		
Estimated year end adjustment	4,234,172	115,585
Capital Funding	2,658,698	3,347,788
Vacation accrual	5,608,548	6,124,947
Addiction Services and Public Health	212,628	58,847
	$ 18,603,267	$ 15,175,535

3. Accounts with the Department of Health:

The Health Authority has the following accounts with the Department of Health:

	March 31, 2001	January 1, 2001
Accounts receivable:		
Retirement allowance (note 7)	$ 10,176,924	9,880,021
Estimated year end adjustment	4,234,172	115,585
Capital funding	2,658,698	3,347,788
Vacation accrual	5,608,548	6,124,947
Addiction Services and Public Health	212,628	58,847
	$ 22,890,970	$ 19,527,188

Collectability of the estimated receivable is dependent on obtaining approval for certain expenditures.

The adjustment, if any, on the ultimate settlement of the above amounts will be accounted for as a charge to or credit against income in the period which settlement occurs.

4. Inventories:

	March 31, 2001	January 1, 2001
Medical and surgical	$ 490,567	$ 560,355
Drugs	961,643	1,039,041
Food	53,947	68,406
General	833,696	882,057
	$ 2,339,853	$ 2,549,859

5. Capital assets:

	March 31, 2001	January 1, 2001
Land	$ 570,230	$ 570,230
Land improvements	2,434,109	2,470,225
Buildings and service equipment	143,522,420	144,189,686
Equipment	19,184,600	17,730,396
	$ 165,711,359	$ 164,960,537

6. Accounts payable and accrued liabilities:

	March 31, 2001	January 1, 2001
Accounts payable	$ 9,238,975	$ 7,282,180
Due to Department of Health:		
Advances by Provincial Plan - current	5,549,989	4,722,739
Employee deductions payable	136,618	19,328
Accrued salaries:		
Salaries	4,939,568	4,164,165
Vacation pay accrual	6,842,374	6,123,601
Other accruals	167,709	383,400
Payable for equipment	73,820	83,447
Department of Health new hospital construction	938,749	938,749
Guysborough Antigonish Strait Health Authority	190,017	—
	$ 28,067,819	$ 23,717,609

7. Retirement allowance:

In the prior year, the Department of Health requested that Nova Scotia Health Boards recognize in their financial statements both the liability for retiring allowances and the related commitment by the Department of Health to fund same.

To promote consistency amongst Boards, the Department engaged consulting actuaries to quantify for each Regional Board the retiring allowance liability and expense for years up to March 31, 2000 along with a projection of the expense and liability for the fiscal year ended March 31, 2001.

In compliance with the Department's request, the former Cape Breton Healthcare Complex had recorded a net gain of $8,764,100 in respect of retiring allowance accrued up to December 31, 2000:

	Distribution to DHA#8	Distribution from DHA#7	Total
Balance as at January 1, 2001	$ 8,764,100	$ 1,115,921	$ 9,880,021
Retiring allowance expense computed with reference to the actuarial projection of expense for the period	264,000	32,903	296,903
	$ 9,028,100	$ 1,148,824	$ 10,176,924

8. Deferred contributions related to capital assets:

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations. The changes in the deferred contributions balance during the period are as follows:

Transferred from Cape Breton Healthcare Complex	$ 145,506,715
Transferred from District Health Authority #7	19,615,210
Additional contributions received	1,135,147
Less amounts amortized to revenue	(2,208,706)
	$ 164,048,366

9. **Invested in capital assets:**

a) **Investment in capital assets is calculated as follows:**

Capital assets	$	165,711,359
Amounts financed by: Deferred contributions		164,048,366
	$	1,662,993

b) **Change in net assets invested in capital assets is calculated as follows:**

Excess of expenses over revenue:		
Amortization of deferred contributions related to capital assets	$	2,208,706
Amortization of capital assets		2,258,390
	$	(49,684)
Net change in investment in capital assets:		
Purchase of capital assets	$	3,009,212
Amounts funded by : Deferred contributions		1,866,765
	$	1,142,447

10. **Acquisition of assets:**

As a result of dissolution, the former Cape Breton Healthcare Complex and the former Eastern Regional Health Board has distributed its net assets (consisting of deferred contributions) to the Cape Breton District Health Authority (District Health Authority #8) as follows:

	Distribution from Cape Breton Healthcare Complex January 1, 2001	Distribution from Eastern Regional Health Board January 1, 2001	Balance January 1, 2001
Assets distributed:			
Cash	$ 6,149,648	$ 223,984	$ 6,373,632
Internally restricted cash	160,945	—	160,945
Accounts receivable	12,816,855	2,019,835	14,836,690
Inventories	2,286,542	263,317	2,549,859
Prepaid expenses	260,932	89,269	350,201
Capital assets	145,575,962	19,384,575	164,960,537
Other receivable - retirement allowance	8,764,100	1,115,921	9,880,021
Inter authority accounts	—	338,845	338,845
	176,014,984	23,435,746	199,450,730
Less liabilities assumed:			
Accounts payable and accrued liabilities	21,222,017	$ 2,435,158	$ 23,657,175
Deferred revenue	—	60,434	60,434
Deferred contributions for capital assets	145,506,715	19,615,210	165,121,925
Other liability - retirement allowance	8,764,100	1,115,921	9,880,021
	175,492,832	23,226,723	198,719,555
Net assets distributed	$ 522,152	$ 209,023	$ 731,175
Consisting of:			
Restricted	$ 160,945	$ —	$ 160,945
Invested in capital assets	361,207	209,023	570,230
	$ 522,152	$ 209,023	$ 731,175

11. **Related party transactions:**

The Hospital is related to the Cape Breton Regional Hospital Foundation, Northside Hospital Charitable Foundation, New Waterford Consolidated Charitable Foundation, Glace Bay Healthcare Corporation Charitable Foundation, Buchanan Memorial Foundation, Sacred Heart Hospital Foundation, Victoria County Memorial Hospital Charitable Foundation and Inverness Consolidated Memorial Hospital Foundation. The Foundations' primary purpose is to raise funds to assist in the construction of and the supply of certain equipment for the Hospital.

As at March 31, 2001 the following amounts were due from the Foundations with comparative figures:

	March 31, 2001	January 1, 2001
Cape Breton Regional Hospital Foundation	$ 408,861	$ 532,114
Northside Hospital Charitable Foundation	36,327	—
Inverness Consolidated Memorial Hospital Foundation	49,639	46,401
Sacred Heart Hospital Foundation	—	80,000
Buchanan Memorial Hospital Foundation	579,031	880,077
	$ 1,073,858	$ 1,538,592

12. Contingency:

Funds required to settle labour dispute:

The financial statements contain an accrual for the expected cost of contact settlement with the Nova Scotia Nurses Union (NSNU) in respect of retroactive amounts owing from November 1, to March 31, 2001. The estimate transferred from the predecessor entity was based on a directive from the Department of Health to accrue a 1.9% increase. The estimate transferred from DHA#7 was based on the tentative agreement that had been reached with the NSNU. This agreement was ultimately rejected. Therefore the actual cost of settlement may differ from that accrued in the financial statements. Any differences will be recognized in the period of settlement. It is the Department of Health's position that any costs associated with the settlement will be financed by the Department and therefore there is no effect on net income.

13. Comparative figures:

As this was the first three months of operation for the Health Authority, comparative figures are not available.

AUDITORS' REPORT

To the Chairperson and Members of the Board of
Cape Breton Healthcare Complex

We have audited the statement of financial position of Cape Breton Healthcare Complex as at March 31, 2001 and the statements of operations, changes in net assets and cash flows for the year than ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Complex as at March 31, 2001, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Sydney, Canada
September 10, 2001

CAPE BRETON HEALTHCARE COMPLEX

Statement of Financial Position

ASSETS

	March 31, 2001	December 31, 2000	March 31, 2000
Current assets:			
Cash	$ —	$ 6,149,648	$ 7,732,202
Internally restricted cash	—	160,945	160,945
Accounts receivable (note 2)	—	12,816,855	14,359,121
Inventories (note 4)	—	2,286,542	2,307,551
Prepaid expenses	—	260,932	466,510
	—	21,674,922	25,026,329
Capital assets (note 5):			
Cost	—	211,922,589	210,423,832
Less accumulated amortization	—	66,346,627	60,438,741
	—	145,575,962	149,985,091
Other assets (note 8):			
Due from Department of Health for retirement allowance	—	8,764,100	—
	$ —	$ 176,014,984	$ 175,011,420

LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS (DEFICIENCY)

	March 31, 2001	December 31, 2000	March 31, 2000
Current liabilities:			
Accounts payable and accrued liabilities (note 6)	$ —	$ 21,222,017	$ 25,094,157
Current portion of long-term debt (note 7)	—	—	197,591
	—	21,222,017	25,291,748
Deferred contributions for capital assets (note 9)	—	145,506,715	149,208,179
Other liabilities:			
Retirement allowance payable (note 8)	—	8,764,100	11,390,778
Net assets (deficiency):			
Unrestricted	—	—	(11,817,142)
Restricted (note 1(c))	—	160,945	160,945
Invested in capital assets (note 10)	—	361,207	776,912
	—	522,152	(10,879,285)
	$ —	$ 176,014,984	$ 175,011,420

Contingency (note 13)

See accompanying notes to financial statements

CAPE BRETON HEALTHCARE COMPLEX

Statement of Operations
Year ended March 31, 2001, with comparative figures for 2000

	2001	2000
Operations:		
Income:		
Net patient income:		
Provincial plan	$ 84,168,764	$ 112,387,246
Other	7,010,278	8,587,059
Dietary recoveries	770,649	1,050,570
Medical service insurance	4,747,779	6,675,658
Referred in work	117,762	145,300
Miscellaneous	255,454	433,372
Net differential	1,250,587	1,289,461
Investment income	226,750	140,297
Equipment grant	28,881	38,508
	98,576,904	130,747,471
Expenses:		
Administrative and support services	24,707,028	33,106,356
Nursing inpatient services	38,351,057	51,270,928
Ambulatory care services	16,228,290	20,408,194
Diagnostic and therapeutic services	18,887,373	24,840,606
Education	403,156	821,868
Salaries - vacation	—	318,965
Capital debt assistance	—	(19,446)
	98,576,904	130,747,471
Excess of revenue over expenditures before below noted items	—	—
Amortization of deferred contributions related to capital assets	5,918,545	9,394,080
Amortization of capital assets	(5,907,886)	(9,404,739)
Retirement allowance (note 8)	(792,000)	(1,201,138)
Department of Health funding for retirement allowance (note 8)	792,000	—
Gain on funding for and quantification of retirement allowance (note 8)	11,390,778	—
	11,401,437	(1,211,797)
Excess of revenue over expenditure (expenditure over revenue)	$ 11,401,437	$ (1,211,797)

Statement of Changes in Net Assets
Year ended March 31, 2001, with comparative figures for 2000

	Unrestricted	Restricted	Investment in capital assets	2001 Total	2000 Total
Balance, beginning of year	$ (11,817,142)	$ 160,945	$ 776,912	$ (10,879,285)	$ (9,667,488)
Excess of revenue over expenditure (expenditure over revenue)	11,390,778	—	10,659	11,401,437	(1,211,797)
Net change in investment in capital assets (note 10)	426,364	—	(426,364)	—	—
Balance at December 31, 2000 prior to distribution	—	160,945	361,207	522,152	(10,879,285)
Distribution of net assets to successor entity (note 11):					
Cape Breton District Health Authority	—	(160,945)	(361,207)	(522,152)	—
Balance, end of year	$ —	$ —	$ —	$ —	$ (10,879,285)

See accompanying notes to financial statements.

CAPE BRETON HEALTHCARE COMPLEX

Statement of Cash Flows
Year ended March 31, 2001, with comparative figures for 2000

	2001	2000
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditure (expenditure over revenue)	$ 11,401,437	$ (1,211,797)
Items not involving cash:		
Amortization of capital assets	5,907,886	9,404,739
Amortization of deferred contributions related to capital assets	(5,918,545)	(9,394,080)
Gain on funding for and quantification of retirement allowance	(11,390,778)	—
Increase in retirement allowance	792,000	—
Increase in Department of Health payable for retirement allowance	(792,000)	—
Change in non-cash operating working capital:		
Decrease in accounts receivable	1,542,266	78,697,540
Decrease in inventories	21,009	70,939
Decrease in prepaid expenses	205,578	1,150,645
Increase (decrease) in accounts payable and accrued liabilities	(3,872,140)	4,829,735
Decrease in due to Department of Health	—	(75,779,345)
	(2,103,287)	7,768,376
Financing and investing activities:		
Repayment of long-term debt	(197,591)	(19,446)
Purchases of capital assets	(1,498,757)	(9,218,191)
Contribution for capital assets	2,217,081	8,791,827
	520,733	(445,810)
Other activities		
Increase in retirement allowance	—	1,201,138
Distribution of cash and internally restricted cash to successor entity	(6,310,593)	—
Increase (decrease) in cash position	(7,893,147)	8,523,704
Cash position, beginning of year	7,893,147	(630,557)
Cash position, end of year	$ —	$ 7,893,147
Cash is represented by the following:		
Cash internally restricted	$ —	$ 160,945
Cash	—	7,732,202
	$ —	$ 7,893,147

See accompanying notes to financial statements.

CAPE BRETON HEALTHCARE COMPLEX

Notes to Financial Statements
Year ended March 31, 2001

Effective April 1, 1996, the Governor in Council of the Province of Nova Scotia approved "An Act to Incorporate Cape Breton Healthcare Complex". Under this Act the Cape Breton Regional Hospital, Glace Bay Healthcare Corporation, New Waterford Consolidated Hospital and the Northside Harbour View Hospital were amalgamated and continued as one corporate body under the name Cape Breton Healthcare Complex.

The Hospital's principal activity is providing acute and psychiatric health care to the residents of Industrial Cape Breton and surrounding areas.

On June 8, 2000, Bill #34 - The Health Authorities Act, received Royal Assent. This legislation abolished Regional Health Boards and replaced them with Health Authorities. The effects on the former Cape Breton Healthcare Complex are as follows: Cape Breton Regional Hospital, Glace Bay Healthcare Corporation, New Waterford Consolidated Hospital, Northside Harbour View Hospital, Inverness Consolidated Memorial Hospital, Sacred Heart Healthcare Centre, Victoria County Memorial Hospital and Buchanan Memorial Healthcare Centre form District Health Authority #8. As a result of this legislation, the Cape Breton Healthcare Complex ceased operation effective December 31, 2000. All assets and liabilities of the former Cape Breton Healthcare Complex were transferred to the District Health Authority #8 resulting in no assets or liabilities at March 31, 2001.

1. Significant accounting policies:

These financial statements have been prepared in accordance with generally accepted accounting principles. Significant accounting policies are summarized as follows:

(a) **Revenue recognition:**
The Complex follows the deferral method of accounting for contributions which include donations and government grants.

The Complex is funded primarily by the Province of Nova Scotia in accordance with budget arrangements established by the Department of Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions, other than endowment contributions, are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

(b) **Inventories:**
Inventories are stated at cost

(c) **Restricted**
Funds donated from outside agencies or individuals which have been designated for a specific purpose have been restricted.

(d) **Capital assets:**
Capital assets are stated at cost.

Capital assets are amortized on the straight-line basis using the following annual rates:

Asset	Rates
Land improvements	5%
Buildings and service equipment	2%-5%
Major equipment	5%-20%
Equipment under capital lease	10%-20%

2. **Accounts receivable:**

	March 31, 2001	December 31, 2000	March 31, 2000
Patients (less allowance for doubtful accounts)	$ —	$ 741,115	$ 916,922
Medical service insurance	—	304,061	255,121
Department of Community Services	—	84,000	71,610
Level II Care (less allowance for doubtful accounts)	—	446,131	735,623
Harmonized sales tax	—	642,254	590,950
Hospital Foundations (note 12)	—	532,114	236,167
Veterans	—	260,664	—
Sundry	—	850,180	405,442
Department of Health (note 3):			
Estimated year end adjustment	—	—	238,401
Capital Funding	—	3,347,788	5,300,337
Vacation accrual	—	5,608,548	5,608,548
	$ —	$ 12,816,855	$ 14,359,121

3. **Accounts with the Department of Health:**

	March 31, 2001	December 31, 2000	March 31, 2000
Accounts receivable:			
Retirement allowance (note 8)	$ —	$ 8,764,100	$ —
Estimated year end adjustment	—	—	238,401
Capital funding	—	3,347,788	5,300,337
Vacation accrual	—	5,608,548	5,608,548
	$ —	$ 17,720,436	$ 11,147,286

Collectablility of the estimated receivable is dependent on obtaining approval for certain expenditures.

The adjustment, if any, on the ultimate settlement of the above amounts will be accounted for as a charge to or credit against income in the period in which settlement occurs.

4. **Inventories:**

	March 31, 2001	December 31, 2000	March 31, 2000
Medical and surgical	$ —	$ 489,710	$ 519,175
Drugs	—	883,463	819,844
Food	—	68,406	60,080
General	—	844,963	908,452
	$ —	$ 2,286,542	$ 2,307,551

5. **Capital assets:**

	Net book value		
	March 31, 2001	December 31, 2000	March 31, 2000
Land	$ —	$ 361,207	$ 361,207
Land improvements	—	2,470,225	2,598,140
Buildings and service equipment	—	127,129,824	128,962,426
Equipment	—	15,614,706	18,063,318
	$ —	$ 145,575,962	$ 149,985,091

6. **Accounts payable and accrued liabilities:**

	March 31, 2001	December 31, 2000	March 31, 2000
Accounts payable	$ —	$ 6,627,090	$ 9,086,598
Due to Department of Health:			
Advances by Provincial Plan - current	—	4,662,305	4,698,500
Employee deductions payable	—	19,328	1,032,166
Accrued salaries:			
Salaries	—	4,118,728	3,603,641
Wage parity accrual	—	—	401,071
Vacation pay accrual	—	5,501,889	5,927,519
Other accruals	—	209,230	232,332
Payable for equipment	—	83,447	112,330
	$ —	$ 21,222,017	$ 25,094,157

7. **Long-term debt:**

	March 31, 2001	December 31, 2000	March 31, 2000
Department of Health:			
Capital debt assistance loan	$ —	$ —	$ 197,591
Current portion of long-term debt	—	—	(197,591)
	$ —	$ —	$ —

8. **Retirement allowance:**

During the year the Department of Health requested that Nova Scotia Health Boards recognize in their financial statements both the liability for retiring allowances and the related commitment by the Department of Health to fund same.

To promote consistency amongst Boards, the Department engaged consulting actuaries to quantify for each Regional Board the retiring allowance liability and expense for years up to March 31, 2000 along with a projection of the expense and liability for the fiscal year ended March 31, 2001.

In compliance with the Department's request, the Cape Breton Healthcare Complex, in the current fiscal period, has recorded a net gain of $11,390,778 in respect of retiring allowances accrued up to March 31, 2000 which gain comprises the following:

• Funding receivable from the Department for the actuarially determined liability at March 31, 2000	$ 7,972,100
• Adjustment to reduce the previously estimated liability at March 31, 2000 of $11,390,778 to the actuarially determined liability of $7,972,100	3,418,678
	$ 11,390,778

In addition, the Complex has included in income from the Department of Health an additional receivable of $792,000 to match the retiring allowance expense computed with reference to the actuarial projection of expense for the year.

9. **Deferred contributions related to capital assets:**

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations. The changes in the deferred contributions balance during the year are as follows:

	March 31, 2001	December 31, 2000	March 31, 2000
Balance, beginning of period	$ 145,506,715	$ 149,208,179	$ 149,810,432
Additional contributions received	—	2,217,081	8,791,827
Less amounts amortized to revenue	—	(5,918,545)	(9,394,080)
Distributed to successor entity	(145,506,715)	—	—
Balance, end of period	$ —	$ 145,506,715	$ 149,208,179

The balance of unamortized capital contributions related to capital assets consists of the following:

	March 31, 2001	December 31, 2000	March 31, 2000
Unamortized capital contribution used to purchase assets	$ —	$ 145,214,755	$ 149,208,179
Unspent contributions	—	291,960	—
Balance, end of period	$ —	$ 145,506,715	$ 149,208,179

10. Invested in capital assets:

a) Investment in capital assets is calculated as follows:

	March 31, 2001	December 31, 2000	March 31, 2000
Capital assets	$ —	$ 145,575,962	$ 149,985,091
Amounts financed by:			
Deferred contributions	—	145,214,755	149,208,179
	$ —	$ 361,207	$ 776,912

b) Change in net assets invested in capital assets is calculated as follows:

	March 31, 2001	December 31, 2000	March 31, 2000
Excess of expenses over revenue:			
Amortization of deferred contributions related to capital assets	$ —	$ 5,918,545	$ 9,394,080
Amortization of capital assets	—	(5,907,886)	(9,404,739)
	$ —	$ 10,659	$ (10,659)
Net change in investment in capital assets:			
Purchase of capital assets	$ —	$ 1,498,757	$ 9,218,191
Amounts funded by:			
Deferred contributions	—	(1,925,121)	(8,791,827)
Net capital assets distributed to successor entity	(361,207)	—	—
	$ (361,207)	$ (426,364)	$ 426,364

11. Transfer of assets on dissolution:

As a result of dissolution, the Cape Breton Healthcare Complex has distributed its net assets (consisting of deferred contributions) to the Cape Breton District Health Authority (District Health Authority #8) as follows:

	Balance December 31, 2000	Distribution to District Health Authority #8
Assets distributed:		
Cash	$ 6,149,648	$ 6,149,648
Internally restricted cash	160,945	160,945
Accounts receivable	12,816,855	12,816,855
Inventories	2,286,542	2,286,542
Prepaid expenses	260,932	260,932
Capital assets	145,575,962	145,575,962
Other receivable - retirement allowances	8,764,100	8,764,100
	176,014,984	176,014,984
Less liabilities assumed:		
Accounts payable and accrued liabilities	21,222,017	21,222,017
Deferred contributions for capital assets	145,506,715	145,506,715
Other liability - retirement allowance	8,764,100	8,764,100
	175,492,832	175,492,832
Net assets distributed	$ 522,152	$ 522,152

Consisting of:		
Internally restricted	$ 160,945	$ 160,945
Investment in capital assets	361,207	361,207
	$ 522,152	$ 522,152

12. Related party transactions:

The Hospital is related to the Cape Breton Regional Hospital Foundation, Northside Hospital Charitable Foundation, New Waterford Consolidated Charitable Foundation and the Glace Bay Healthcare Corporation Charitable Foundation. The Foundations' primary purpose is to raise funds to assist in the construction of and the supply of certain equipment for the Hospital.

The following amounts were due from the Foundations as at the dated indicated:

	December 31, 2000	March 31, 2000
Cape Breton Regional Hospital Foundation	$ 532,114	$ 236,167

The following amounts represent the transfer from the Foundations as at the dates indicated:

	Nine months ended December 31, 2000	Year ended March 31, 2000
Cape Breton Regional Hospital Foundation	$ —	$ 490,765
New Waterford Consolidated Charitable Foundation	—	117,933
Glace Bay Healthcare Corporation Charitable Foundation	—	283,555
	$ —	$ 892,253

13. Contingency:

Funds required to settle labour dispute:

The financial statements contain an accrual for the expected cost of contact settlement with the Nova Scotia Nurses Union in respect of retroactive amounts owing from November 1, to March 31, 2001. The estimate was based on a directive from the Department of Health to accrue a 1.9% increase. The actual cost of settlement may differ from that accrued in the financial statements. Any differences will be recognized in the period of settlement. It is the Department of Health's position that any costs associated with the settlement will be financed by the Department and therefore there is no effect on net income.

AUDITORS' REPORT

To the Chairperson and Members
Cape Breton Victoria Regional School Board
George Street
Sydney, Nova Scotia

We have audited the balance sheets of the Cape Breton-Victoria Regional School Board as at March 31, 2001, and the statement of operations for the year then ended. These financial statements are the responsibility of the Cape Breton-Victoria Regional School Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Cape Breton-Victoria Regional School Board as at March 31, 2001 and the results of its operations for the year then ended in accordance with generally accepted accounting principles established for school boards in the Province of Nova Scotia.

ROACH PERRY ANDERSON
Chartered Accountants

Sydney, Nova Scotia
June 20, 2001

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Consolidated Balance Sheet
March 31, 2001

ASSETS

	2001	2000
Current		
Accounts receivable		
First Nation	$ 194,195	$ 496,520
Government of Canada (Note 2)	385,566	638,528
Province of Nova Scotia (Note 3)	1,426,172	4,057,063
Other	773,266	290,628
Prepaid expenses	63,830	69,249
Inventories	156,450	144,395
	2,999,479	5,696,383
Restricted assets		
Cash and investments	383,515	382,637
Other assets		
Deferred Early Retirement Plan expenditures (Note 4)	---	36,135,440
Cash restricted for teachers' service awards	3,874	3,874
	3,874	36,139,314
Fixed assets (Note 5)		
School buildings	56,096,216	56,096,216
Interest in properties	14,421,084	14,054,180
Equipment and furnishings	12,268,199	11,598,548
School buses and maintenance vehicles	8,393,049	8,041,458
Assets under capital lease	137,151	137,151
	91,315,699	89,927,553
	$ 94,702,567	$ 132,145,887

LIABILITIES

	2001	2000
Current		
Cheques issued in excess of funds on deposit	$ 2,057,198	$ 515,427
Accounts payable and accrued liabilities	737,956	3,655,052
Advances payable to Department of Education	---	620,000
Deferred revenue	1,150,154	663,904
	3,945,308	5,454,383
Other liabilities		
Obligation under Early Retirement Plan (Note 4)	---	36,135,440
Teachers' service awards, in trust	3,874	3,874
Teacher retraining fund	50,000	50,000
	53,874	36,189,314

EQUITY

	2001	2000
Reserves		
Scholarship trust fund reserve	383,515	382,637
Reserve for future operations (Note 7)	---	500,000
	383,515	882,637
Deficit	(995,829)	(308,000)
Investment in capital assets	91,315,699	89,927,553
	90,319,870	89,619,553
	$ 94,702,567	$ 132,145,887

See accompanying notes to financial statements.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Operating Fund Balance Sheet
March 31, 2001

ASSETS

	2001	2000
Current		
Accounts receivable:		
First Nation	$ 194,195	$ 496,250
Government of Canada (Note 2)	385,566	638,528
Province of Nova Scotia (Note 3)	1,426,172	4,057,063
Other	773,266	290,628
Prepaid expenses	63,830	69,249
Inventories	156,450	144,395
	2,999,479	5,696,113
Other assets		
Deferred Early Retirement Plan expenditures (Note 4)	---	36,135,440
Cash restricted for teachers' service awards	3,874	3,874
	3,874	36,139,314
	$ 3,003,353	$ 41,835,427

LIABILITIES

	2001	2000
Current		
Cheques issued in excess of funds on deposit	$ 2,057,198	$ 515,427
Accounts payable and accrued liabilities	737,956	3,655,052
Advances payable to Department of Education	---	620,000
Deferred revenue	1,150,154	663,904
	3,945,308	5,454,383
Other Liabilities:		
Obligation under Early Retirement Plan (Note 4)	---	36,135,440
Teachers' service awards, in trust	3,874	3,874
Teacher retraining fund	50,000	50,000
	53,874	36,189,314

EQUITY

	2001	2000
Reserve:		
Reserve for future operations (Note 7)	---	500,000
Deficit	(995,829)	(308,000)
	$ 3,003,353	$ 41,835,697

See accompanying notes to financial statements.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Statement of Operations
Year ended March 31, 2001

	2001 Budget	2001 Actual	2000 Actual
Revenue			
Province of Nova Scotia			
Formula funding (Schedule A)	$ 93,856,100	$ 93,284,900	$ 94,133,758
Other (Schedule A)	642,275	1,209,426	1,920,106
Deficit assistance	---	---	1,662,572
Contribution for future operations (Note 7)	---	---	500,000
Transfer from Reserve (Note 7)	500,000	500,000	---
	94,998,375	94,994,326	98,216,436
First Nation Tuition Revenue	609,950	699,905	736,967
Government of Canada (Schedule A)	211,000	210,696	345,911
Appropriation from Councils (Schedule A)	12,001,800	12,001,752	12,175,800
Board operations (Schedule A)	2,321,347	2,433,408	1,171,666
	110,142,472	110,340,087	112,646,780
Expenditures (Schedule B):			
Board management	2,641,962	2,687,609	3,369,957
School administration and instruction	85,403,109	85,760,294	84,997,588
Property service	9,780,716	10,592,426	10,352,404
Pupil transportation	4,727,927	4,995,234	4,729,517
Special education	4,692,525	4,875,475	4,048,999
Adult education	141,371	128,208	136,678
Summer school	12,800	9,348	10,417
Cafeteria	611,502	642,037	629,271
Adult day school	356,785	392,318	398,436
Capital equipment and repairs	1,763,775	1,243,520	2,817,493
Special initiatives	---	---	192,976
Board of pupils	10,000	9,447	10,987
Deferred service awards	---	---	570,443
Debt servicing - operating loans	---	---	158,133
Deficit of prior year	---	---	31,481
	110,142,472	111,335,916	112,454,780
Excess of revenue over expenditures (expenditures over revenue) before below noted	---	(995,829)	192,000
Transfer to reserve for future operations (Note 7)	---	---	(500,000)
Excess of expenditures over revenue	$ ---	$ (995,829)	$ (308,000)

See accompanying notes to financial statements.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Statement of Deficit
Year ended March 31, 2001

	2001	2000
Deficit, beginning of year	$ (308,000)	$ (31,481)
Deficit transferred to current operations	—	31,481
Deficit transferred to accounts receivable (Note 6)	308,000	—
	—	—
Excess expenditures over revenue	(995,829)	(308,000)
Deficit, end of year	$ (995,829)	$ (308,000)

Statement of Reserve for Future Operations
Year ended March 31, 2001

	2001	2000
Balance, beginning of year	$ 500,000	$ —
Transfer (to) from operations (Note 7)	(500,000)	500,000
Balance, end of year	$ —	$ 500,000

Capital Fund Balance Sheet
March 31, 2001

ASSETS

	2001	2000
Fixed assets (Note 5)		
School buildings, land	$ 56,096,216	$ 56,096,216
Interest in properties	14,421,084	14,054,180
Equipment and furnishings	12,268,199	11,598,548
School buses and maintenance vehicles	8,393,049	8,041,458
Assets under capital leases	137,151	137,151
	$ 91,315,699	$ 89,927,553

EQUITY

	2001	2000
Investment in Capital Assets	$ 91,315,699	$ 89,927,553

See accompanying notes to financial statements.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Statement of Investment in Capital Assets
Year ended March 31, 2001

	2001	2000
Balance, beginning of year	$ 89,927,553	$ 87,596,991
Capital purchases funded from operations:		
Interest in properties	366,903	800,274
Equipment and furnishings	669,652	912,931
School buses and maintenance vehicles	738,545	737,554
	1,775,100	2,450,759
Retirement of school buses and vehicles	(386,954)	(120,197)
Balance, end of year	$ 91,315,699	$ 89,927,553

Scholarship Trust Fund Balance sheet
March 31, 2001

	2001	2000
ASSETS		
Cash and investments	$ 383,515	$ 382,637
RESERVE FOR SCHOLARSHIPS		
Rossetti Scholarship	$ 164,850	$ 164,320
Townsend Scholarship	1,007	1,005
McDonagh Scholarship	5,064	5,009
Panagiotakos Scholarship	9,019	9,016
McQuarrie Scholarship	3,206	3,190
Annie Hall Scholarship	2,025	2,012
C.J.C.B. Scholarship	4,228	3,998
Daniel Munroe Scholarship	3,181	3,072
John D. MacLeod Scholarship	1,058	1,023
Annie Bell Grady Memorial	20,905	21,154
T.L. Sullivan Memorial	2,205	2,794
Mary Elizabeth Brennan Scholarship	2,414	2,375
William Hillchie Memorial	3,124	3,070
Isabel MacDermid Memorial	3,246	3,186
Wendell Coldwell Memorial	2,123	2,083
Jon David Corbett	3,200	3,214
Leonard Matheson	1,435	1,427
Ellen Dunn Balah	5,188	5,348
George MacKay Bursary	145,839	145,160
Dorothy Wilkins	198	181
	$ 383,515	$ 382,637

See accompanying notes to financial statements.

CAPE BRETON DISTRICT SCHOOL BOARD

Statement of Scholarship Trust Fund Reserve
Year ended March 31, 2001, with comparative figures for 2000

	Rossetti	Townsend	McDonagh	Panagiotakos	McQuarrie	Annie Hall	CJCB	Munro
Balance, beginning of year	$ 164,320	$ 1,005	$ 5,009	$ 9,016	$ 3,190	$ 2,012	$ 3,998	$ 3,072
Interest earned	8,830	47	255	443	186	93	230	179
	173,150	1,052	5,264	9,459	3,376	2,105	4,228	3,251
Scholarship awarded	8,300	45	200	440	170	80	—	70
Balance, end of year	$ 164,850	$ 1,007	$ 5,064	$ 9,019	$ 3,206	$ 2,025	$ 4,228	$ 3,181

	MacLeod	Grady	Sullivan	Brennan	Hillchie	MacDermid	Coldwell
Balance, beginning of year	$ 1,023	$ 21,154	$ 2,794	$ 2,375	$ 3,070	$ 3,186	$ 2,083
Interest earned	60	1,251	161	139	179	185	120
	1,083	22,405	2,955	2,514	3,249	3,371	2,203
Scholarship awarded	25	1,500	750	100	125	125	80
Balance, end of year	$ 1,058	$ 20,905	$ 2,205	$ 2,414	$ 3,124	$ 3,246	$ 2,123

	Corbert	Matheson	Dunn Balah	MacKay	Wilkins	2001 Total	2000 Total
Balance, beginning of year	$ 3,214	$ 1,427	$ 5,348	$ 145,160	$ 181	$ 382,637	$ 381,521
Interest earned	186	83	340	9,979	17	22,963	21,118
	3,400	1,510	5,688	155,139	198	405,600	402,639
Scholarship awarded	200	75	500	9,300	—	22,085	20,002
Balance, end of year	$ 3,200	$ 1,435	$ 5,188	$ 145,839	$ 198	$ 383,515	$ 382,637

See accompanying notes to financial statements.

Pursuant to an act passed by the Province of Nova Scotia, the Cape Breton District School Board and the Northside Victoria District School Board were amalgamated to form the Cape Breton-Victoria Regional School Board. The School Board is incorporated under the provisions of the Education Act of the Province of Nova Scotia and its principal business activity is operating a regional school system serving the Cape Breton Regional Municipality and the Municipality of the County of Victoria.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting:

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed by the Nova Scotia District School Board Financial Handbook.

(A) Financial Statement Presentation:

The financial statements of the Board have been prepared in accordance with the fund basis of accounting.

(B) Revenue and Expenditures Recognition:

Revenue and expenditures are recorded using the modified accrual basis of accounting. Major revenues and expenditures are recorded on the accrual basis except for principal and interest payments relating to term debt, which are recorded as an expense when paid. Fixed assets acquired with operating funds are recorded as an expenditure when incurred. Accruals for teachers' salaries at the beginning and end of a particular year are netted so that 195 days' salary is recorded as an expense. Outstanding purchase orders at the balance sheet date are accrued and recorded as payables.

(C) Fixed Assets:

Fixed assets are recorded at cost. Funds received through capital assistance programs are treated as additions to the investment in capital assets. The interest in school properties reflects only those capital expenditures made since the formation of the Cape Breton District School Board. Furniture and equipment purchased prior to January 1, 1982 have not been recorded in the capital fund. The School Board does not record depreciation on its fixed assets.

(D) Teacher Service Awards:

Teacher service awards are accounted for an "as paid" basis rather than as the liability is accruing. As at March 31, no estimate has been made of the potential liability for this item.

2. ACCOUNTS RECEIVABLE, GOVERNMENT OF CANADA

	2001	2000
Harmonized sales tax	$ 173,899	$ 324,860
Other	211,667	313,668
	$ 385,566	$ 638,528

3. ACCOUNTS RECEIVABLE, PROVINCE OF NOVA SCOTIA

	2001	2000
Capital infrastructure	$ —	$ 132,333
Special capital projects	90,000	417,310
Information Economy Initiative	428,133	546,060
P-3 transitional funding	100,000	—
Special initiatives	—	202,400
P-3 maintenance funding	—	393,062
Other	176,826	203,326
Library books/ Materials P-3 Schools/Boularderie	164,923	1,662,572
Contribution for future operations	—	500,000
Fuel rebate	399,100	—
Sherwood Park Technology Refresh	67,190	—
	$ 1,426,172	$ 4,057,063

4. EARLY RETIREMENT PLAN

During the 2000-2001 fiscal year, the Province of Nova Scotia assumed full responsibility for the Early Retriement plan (1994-1998).

5. FIXED ASSETS

On January 1, 1982, the Municipality of the County of Cape Breton, the City of Sydney and the Towns of Louisbourg, Dominion, New Waterford and Glace Bay formed the Cape Breton District School Board. Under the agreement, all land and school buildings on hand at December 31, 1981 remain assets of the municipal unit but will be under the operational control of the District School Board until such time as the Board no longer requires the assets for school purposes. At that time, control will revert back to the municipality.

In 1970 the former Northside Victoria District School Board acquired title to certain land and buildings from its supporting municipalities which were to be offered back to the municipalities at no cost if they were ever declared surplus by the Board. With the amalgamation of the two Boards, the agreements with municipalities for land and school buildings remains unchanged.

As a result of improvements made to school buildings, the Cape Breton-Victoria Regional School Board now has an interest in real property to which it does not have title. Under the Education Act, should a municipal unit sell a building returned to it by the Regional School Board under the circumstances noted above, a portion of the proceeds will be payable to the Regional School Board. In the event of the destruction of the building such that insurance proceeds are payable, a portion of these proceeds, related to the improvements, will similarly be payable to the Regional School Board.

6. DEFICIT ASSISTANCE

During the year, it has been determined that $308,000 in residual deficit from a prior year should be recoverable pursuant to settlement of litigation between the Nova Scotia School Boards Association and the Nova Scotia Teachers' Union Trustees over a matter involving the teacher Salary Continuation Insurance Program (SALCON). Consequently, this balance was transferred from accumulated deficit to accounts receivable during the fiscal year ended March 31, 2001.

7. TRANSFER FROM RESERVE

During the year, the Board was directed to transfer $500,000 to operations from a Reserve for Future Operations that had been established the previous fiscal year with special funding received from the Department of Education.

8. DEFERRED TEACHERS' SALARIES

Under terms of the teachers' contract the School Board withholds a portion of certain eligible teachers' salaries and deposits it with the Nova Scotia Teachers Credit Union. These amounts are subsequently withdrawn by the teachers in a year when they are on leave of absence. As at March 31, 2001, the Board had $896,820 ($1,010,490 at March 31, 2000) of such funds on deposit together with a corresponding liability to these teachers which amounts have not been included in these financial statements.

9. PENSION PLANS

The Board's teachers are covered by a pension plan established by the Province pursuant to the Teachers' Pension Act.

The Board's non-teaching staff are covered by a money-purchase pension plan administered by the Confederation Life Insurance Company.

10. INSURANCE

The Board is a member of a self insurance plan with the Nova Scotia School Board Association.

11. RELATED PARTY TRANSACTIONS

These financial statements do not include certain expenditures paid on behalf of the Board by the Province of Nova Scotia, including but not limited to:

- Early Retirement Program payments,
- P-3 school and facilities leases and operating costs, and
- Payments for the teachers' pension plans and medical premiums.

12. COMPARATIVE FIGURES

The presentation of certain accounts of the previous year, presented for comparative purposes, has been changed to conform with the presentation adopted for the current year. The year ended March 31, 2000, was audited by another public accounting firm.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Schedule A - Supplementary Details of Revenue
Year ended March 31, 2001

	Budget	Actual
Province of Nova Scotia, formula funding:		
Unrestricted funding	$ 85,984,700	$ 85,984,700
Restricted funding:		
Special education	6,203,200	6,203,200
Capital bus purchase	571,200	---
Textbook credit allocation	1,097,000	1,097,000
	$ 93,856,100	$ 93,284,900
Province of Nova Scotia, other funding:		
Fuel subsidy	$ ---	$ 559,100
P-3 Transitional funding	100,000	100,000
Capital technology	200,000	200,000
Sherwood Park Technology Refresh	---	67,189
Correctional program grant	34,700	35,918
Information Economy Initiative	307,575	247,219
	$ 642,275	$ 1,209,426
First Nation Tuition Revenue	$ 609,950	$ 699,905
Government of Canada:		
HRDC Vocation Seat and Grant	$ 9,000	$ ---
Secretary of State:		
Minority language	56,000	45,387
French immersion	146,000	165,309
	$ 211,000	$ 210,696
Appropriation from Councils:		
Mandatory:		
Cape Breton Regional Municipality	$ 10,746,614	$ 10,746,565
County of Victoria	1,255,186	1,255,187
	$ 12,001,800	$ 12,001,752
Board operations:		
Insurance proceeds (deferred)	$ 69,338	$ ---
Cafeterias	611,502	642,037
Investment interest	150,000	222,698
Adult night school fees	65,671	71,418
Adult day school fees	91,750	137,735
Rentals (facilities and buses)	58,600	62,566
Vocational school revenues	26,000	11,409
P-3 property service charges	1,188,486	1,154,609
Tuition (over 21)	10,000	12,233
Rose Technology	---	64,276
Other	50,000	54,427
	$ 2,321,347	$ 2,433,408

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Schedule B - Supplementary Details of Expenditures
Year ended March 31, 2001

	Budget	Actual
Board management:		
Salaries, wages and employee benefits	$ 1,996,856	$ 1,925,515
Supplies and materials	113,206	124,697
Conference/In Service/Meetings	67,700	61,277
Fees and dues	40,000	40,706
Telephone	49,200	41,825
Travel	29,500	26,901
Legal fees	100,000	164,021
Contracts	122,000	141,653
Insurance	55,000	55,246
Other	68,500	105,768
	$ 2,641,962	$ 2,687,609
School administration and instruction:		
Salaries, wages and employee benefits	$ 82,086,938	$ 82,496,566
Supplies and materials	1,157,536	1,131,918
Professional development	316,666	316,666
Net cost for supplementary grants (Schedule C)	—	42,377
Telephone	329,969	319,237
Travel	169,000	159,967
Other	190,000	149,273
French minority	56,000	47,290
Textbook allocation	1,097,000	1,097,000
	$ 85,403,109	$ 85,760,294
Property service:		
Salaries, wages and employee benefits	$ 4,942,420	$ 5,073,047
Supplies and materials	704,500	724,716
Utilities and Fuel	3,250,466	3,809,975
Meterage/In Service/Conference/Seminars	26,000	15,522
Vehicle operation	54,000	67,368
Insurance	289,850	289,851
Contracted services	426,980	530,499
Rental of facilities	86,500	81,448
	$ 9,780,716	$ 10,592,426

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Schedule B - Supplementary Details of Expenditures (continued)
Year ended March 31, 2001

	Budget	Actual
Pupil transportation:		
Salaries, wages and employee benefits	$ 3,358,589	$ 3,363,272
Vehicle operation	855,188	1,101,131
Vehicle registration	67,000	73,094
Insurance	46,000	44,520
Garage operation	75,000	92,709
Meterage/In Service/Conference/Seminars	8,000	15,335
Contract conveyance	256,150	256,956
Transit subsidy	51,000	10,628
Other	11,000	37,589
	$ 4,727,927	$ 4,995,234
Special education:		
Salaries, wages and employee benefits	$ 4,622,787	$ 4,809,190
Supplies and materials	67,738	64,709
Fees and contracts	2,000	1,576
	$ 4,692,525	$ 4,875,475
Adult education:		
Salaries, wages and employee benefits	$ 132,871	$ 120,668
Supplies and materials	8,500	7,540
	$ 141,371	$ 128,208
Summer school:		
Salaries, wages and employee benefits	$ 12,000	$ 8,100
Supplies and materials	800	1,248
	$ 12,800	$ 9,348

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Schedule B - Supplementary Details of Expenditures (continued)
Year ended March 31, 2001

		Budget		Actual
School cafeterias and lunchrooms:				
Salaries, wages and employee benefits	$	250,504	$	242,370
Supplies and materials		360,998		364,326
Profit share		---		35,341
	$	611,502	$	642,037
Adult day school:				
Salaries, wages and employee benefits	$	348,000	$	347,972
Supplies and materials		5,000		8,832
Rentals		---		32,829
Telephone		3,785		2,685
	$	356,785	$	392,318
Capital equipment and repairs:				
Information Economy Initiative	$	307,575	$	247,219
Board technology initiative		375,000		375,000
Equipment, furniture and renovations		510,000		510,818
Busses/service vehicles		571,200		43,293
Sherwood Park Technology Refresh		---		67,190
	$	1,763,775	$	1,243,520

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Schedule C - Supplementary Details of Net Grant Costs
Year ended March 31, 2001

From time to time, the Board receives funding for specific expenditure purposes. The Board accounts for such funding on a net expenditure basis so as not to distort the comparison of its actual expenditures within the context of their budgetary framework. A summary of the total funding and related expenditures for the year is presented below:

Program	Revenue	Expenditure	Net Cost
Child youth services	$ 78,990	$ 78,990	$ ---
Anti-racism	13,574	13,574	---
Special ed	12,160	12,160	---
Reading recovery	6,769	6,769	---
At risk - African Canadians	46,519	56,204	9,685
2+2 degree	44,775	45,430	655
Breakfast program	71,462	71,462	---
Industry Canada	55,644	58,891	3,247
Conservatory of music	22,844	22,844	---
Youth recovery	12,974	13,315	341
Cornwallis & Cusack	12,699	12,699	---
English as second language	2,845	2,845	---
School to Work Northside	17,513	17,513	---
Technology - J. Rod	2,456	6,431	3,975
Heritage	2,981	2,981	---
Page Master	775	775	---
Grassroots	19,475	19,475	---
Summer Technology	9,669	15,009	5,340
Summer Breakfast	3,400	5,280	1,880
Neighborhood Access	5,900	5,900	---
N.S. International Students	27,326	27,326	---
Baddeck	54	54	---
George D. Lewis	1,702	1,702	---
Morrision	1,202	1,202	---
St. Mikes	532	532	---
Sydney Mines	1,905	1,905	---
SPEC	2,139	2,139	---
Thompson	3,997	3,997	---
Rankin	1,509	1,509	---
Malcolm Munroe	1,589	1,589	---
MacLennan	426	426	---
MacDonald Complex	1,911	1,911	---
Dr. T.L. Sullivan	1,450	1,450	---
Donkin	1,543	1,543	---
Breton Education Ctr.	4,064	4,064	---
Whitney Pier Memorial	54	54	---
Bridgeport	527	527	---
Cabot	525	525	---
Worker's Compensation	---	17,254	17,254
	$ 495,879	$ 538,256	$ 42,377

AUDITORS' REPORT

To the Board of Directors of
Capital District Health Authority

We have audited the statement of financial position - operating and capital fund of the Capital District Health Authority (the "CDHA) as at March 31, 2001 and the statements of fund balances, revenues and expenditures operating fund, and cash flow for the year then ended. These combined financial statements are the responsibility of the CDHA's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards . Those standards require that we plan and perform an audit to obtain reasonable assurance whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these combined financial statements present fairly, in all material respects, the financial position of the CDHA as at March 31, 2001 and the results of its operations and the changes in its cash flows for the three months then ended in accordance with Canadian generally accepted accounting principles.

ERNST & YOUNG LLP
Chartered Accountants

Halifax, Canada
May 18, 2001

CAPITAL DISTRICT HEALTH AUTHORITY

Statement of Financial Position - Operating and Capital Funds
as at March 31, 2001

Operating	Operating Fund	Capital Fund	Total 2001	Total 2000
		(in thousands)		
ASSETS				
Current				
Cash & short term investments	$ 40,919	$ —	$ 40,919	$ 38,805
Accounts receivable	25,960	—	25,960	32,365
Due from Department of Health	25,431	—	25,431	15,415
Due from Department of Finance	30,834	—	30,834	22,813
Due from CDHA Foundation	225	—	225	2,400
Due (to) from other fund	(13,034)	13,034	—	—
Inventories (note 3)	4,367	—	4,367	4,744
Prepaid expenses	2,059	—	2,059	2,285
	116,761	13,034	129,795	118,827
Restricted cash and short-term investments (notes 2 and 6)	15,422	—	15,422	14,145
	132,183	13,034	145,217	132,972
Capital assets (note 4)	—	233,076	233,076	251,674
	$ 132,183	$ 246,110	$ 378,293	$ 384,646
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$ 67,254	$ —	$ 67,254	$ 71,722
Deferred revenue (note 5)	19,459	13,034	32,493	23,071
Due to PDDP	3,406	—	3,406	1,405
	90,119	13,034	103,153	96,198
Restricted liabilities (notes 2 and 6)	15,422	—	15,422	14,145
	105,541	13,034	118,575	110,343
Employee future benefits (notes 2 and 7)	26,631	—	26,631	22,813
	132,172	13,034	145,206	133,156
FUND BALANCE				
Operating surplus	11	—	11	231
Investment in capital assets	—	233,076	233,076	251,259
	11	233,076	233,087	251,490
	$ 132,183	$ 246,110	$ 378,293	$ 384,646

Contingencies and commitments (notes 9, 10 and 11)

See accompanying notes

CAPITAL DISTRICT HEALTH AUTHORITY

Statement of Fund Balances
Year ended March 31, 2001

OPERATING FUND

	2001	2000
	(in thousands)	
Balance, beginning of year	$ 231	$ (104,164)
Net revenues under expenditures	(180)	104,395
	51	231
Transfer equity to capital fund	40	—
Balance, end of year	$ 11	$ 231

INVESTMENT IN CAPITAL ASSETS

	2001	2000
Capital Funding, beginning of year	$ 370,476	$ 280,643
Capital deficit funding from Department of Health	—	65,421
Transfer Home Support central	112	
Capital funding for the year (Schedule C)	7,620	24,412
	378,208	370,476
Accumulated amortization of capital funding, beginning of year	(119,217)	(83,447)
Transfer Home Support central	(40)	—
Amortization of capital deficit funding from Department of Health	—	(10,660)
Amortization of capital funding for the year	(25,875)	(25,110)
Accumulated amortization of capital funding, end of year	(145,132)	(119,217)
Balance, end of year	$ 233,076	$ 251,259

See accompanying notes

CAPITAL DISTRICT HEALTH AUTHORITY

Statement of Revenues and Expenditures
Operating Fund
Year ended March 31, 2001

	2001	2000
	(in thousands)	
Operating		
Revenues (Schedule A)	$ 468,400	$ 484,010
Expenditures (Schedule B)	484,599	483,814
	(16,199)	196
Year 2000 - Revenues	—	3,271
Year 2000 - Expenditures	—	3,271
	—	—
Net capital amortization	—	65
Results from operating activities	(16,199)	131
Research		
Revenues (Schedule A)	13,088	12,132
Expenditures (Schedule B)	(11,811)	(11,005)
	1,277	1,127
Opening balance	14,145	13,018
Ending funds available for research	15,422	14,145
Funds committed to future periods	15,422	14,145
	—	—
Net revenues under expenditures before deficit funding	(16,199)	131
Operating deficit funding received from Department of Health	16,019	104,264
Net revenues under expenditures	$ (180)	$ 104,395

See accompanying notes

CAPITAL DISTRICT HEALTH AUTHORITY

Statement of Cash Flow
Year ended March 31, 2001

	2001	2000
	(in thousands)	

OPERATING ACTIVITIES

	2001	2000
Net revenues under expenditures - operating fund	$ (16,199)	$ 196
Items not requiring cash		
Depreciation	25,875	25,175
Amortization of capital funding	(25,875)	(25,110)
Changes in non-cash working capital items	(1,899)	(101,684)
Cash used in operating activities	(18,098)	(101,423)

FINANCING ACTIVITIES

	2001	2000
Operating deficit funding from Department of Health	16,019	104,264
Capital deficit funding from Department of Health	—	55,177
Transfer of surplus retention fund to Department of Health	—	(1,434)
Transfer of equity to capital fund	(40)	—
Capital funding (Schedule C)	7,620	24,821
Repayment of long term debt	—	(563)
Transfer of operating surplus to Department of Health	—	(68)
Addition of Home Support net capital funding	72	—
Employee future benefits liability	3,818	22,813
Funding of employee future benefits liability from Department of Finance	—	(22,813)
Cash provided by financing activities	27,489	182,197

INVESTING ACTIVITIES

	2001	2000
Capital assets acquired (Schedule C)	(7,277)	(24,349)
Cash used in investing activities	(7,277)	(24,349)
Restricted Funding	1,277	1,165
Net cash inflow during the year	3,391	57,590
Cash position, beginning of year	52,950	(4,640)
Cash position, end of year	56,341	52,950
Cash position, end of year is comprised as follows:		
Cash	40,919	38,805
Restricted cash and short-term investments	15,422	14,145
	$ 56,341	$ 52,950

See accompanying notes

1. Nature of the Organization

Effective January 1, 2001 Bill 34 of the Province of Nova Scotia created the Capital District Health Authority (CDHA). The CDHA includes the QE11 Health Sciences Centre, the Nova Scotia Hospital and the Capital District Health Authority (the former Central Regional Health Board). All entities are governed by a single Board of Directors.

The CDHA is a non profit entity and, as such, is exempt from income tax.

2. Significant Accounting Policies

Fund Accounting
The CDHA maintains its combined financial statements on a fund accounting basis. Separate funds have been established to distinguish operating activities from capital activties.

The operating fund contains the non-capital operating assets, liabilities, revenues and expenditures of the CDHA related to the provision of hospital services.

The capital fund contains the capital assets, net of accumulated depreciation and related capital funding, net of accumulated amortization.

Investments
Investments are stated at cost.

Inventories
Inventories are stated at cost, being the lower of cost and replacement costs.

Capital Assets
Capital Assets are recorded at cost and depreciated at the following annual rates:

Halifax Infirmary building	50 years straight-line
Other buildings and additions	20 - 50 years straight-line
Equipment	10 years straight-line
Leasehold improvements	10 years straight-line
Information technology	5 years straight-line
Parking	5 years straight-line
Paving	5 years straight-line

Restricted cash and short-term investments and restricted liabilities
Restricted cash and short-term investments are designated for restricted purposes by independent funders, by regulation, or by resolution of the CDHA's Board of Directors. The corresponding restricted liability represents the unexpended fund balance.

Capital contributions
Capital contributions are recorded as capital funding and amortized to income using the same rates as depreciation expense related to the capital assets purchased. Capital contributions for non-depreciable capital assets are recorded as direct increases in the investment in capital.

Employee Future Benefits Plans
As at March 31, 2001, the CDHA retroactively adopted the method of accounting for employee future benefits required by The Canadian Institute of Chartered Accountants' recommendations in Section 3461, Employee Future Benefits. The Province of Nova Scotia is funding the liability and additional expenses incurred by the QE11 in association with adoption of Section 3461. The main components of this change are as follows:

- Costs for employee future benefits other than pensions are accrued over the periods in which the employees render services in return for these benefits. The costs associated with non-pension future benefits were previously expensed as incurred.
- A liability for employee future benefits of $26,631,000 has been included in the financial statements in the current year. The liability has been assumed by the Province of Nova Scotia so an offset of the same amount has been recorded as a receivable from the Department of Finance. The current year's net expense incurred for future employee benefits is $3,816,000.

3. Inventories

	2001	2000
	(in thousands)	
Drugs	$ 2,704	$ 2,498
Food	8	17
General supplies	1,406	1,992
Medical Surgical	249	237
	$ 4,367	$ 4,744

4. Capital Assets

	2001	
	Cost	Accumulated Depreciation
	(in thousands)	
Land	$ 324	$ —
Land Improvements	692	130
Halifax Infirmary building	110,023	9,865
Buildings & additions	74,641	31,764
Equipment	152,883	101,518
Leasehold improvements	42,717	15,452
Information technology	32,497	22,144
Parking	20	5
Paving	313	156
	414,110	181,034
Less: accumulated depreciation	181,034	
	$ 233,076	

5. Deferred Revenue

Deferred revenue in the operating fund of $19,459,000 represents advance funding received from the Department of Health for the 2001/02 fiscal year. Deferred revenue in the capital fund of $13,034,000 represents advance funding from the Department of Health, Partners for Care and the QE11 Foundation for capital equipment to be purchased subsequent to March 31, 2001.

6. Restricted Cash and Short-term Investments and Restricted Liabilities

These assets and liabilities represent funds, the use of which is restricted by various conditions as described in note 2.

	2001
	(in thousands)
Centre for Clinical Research	$ 13,669
Other	1,753
	$ 15,422

7. Employee Future Benefits

The CDHA has provided for retirement allowances and life insurance as follows:

		2001 (in thousands)
Accrued benefit liability		
Beginning balance, retiring allowances	$	22,813
Current service costs for the year		1,725
Interest cost during the year		1,672
Amortization of experience loss		76
Estimated fiscal payments for NSH employees		(135)
Ending balance, retiring allowances		26,151
Life insurance benefits		480
Ending balance, accrued benefit liability	$	26,631

		2001 (in thousands)
Employee future benefis expense		
Current service costs	$	1,725
Interest on accrued benefits		1,672
Amortization of experience loss		76
Estimated fiscal payments for NSH employees		(135)
Life insurance benefits		480
	$	3,818

The significant actuarial assumptions adopted in mesuring the company's employee future benefits are as follows (weighted-average assumptions) as at March 31, 2001:

	Retirement Allowance	Life Insurance
Discount rate	6.56%	7.5%
Retirement % at age 65	—	50.0%
Average age of employees - QE11	41.5	—
Average age of employees - CDHA	44.1	—
Average age of employees - NS Hospital	43.1	—
Expected long term rate of return on plan assets	7.50%	—
Future mortallity rate	—	20.0%
Rate of compensation increase	3.0%	—

8. Pension Funds

Public Service Superannuation Fund

Most former employees of the Victoria General Hospital ("VGH"), Cancer Treatment and Research Foundation ("CTRF"), Nova Scotia Hospital ("NSH"), Public Health and Drug Dependency of the central Regional Health Board belong to the Public Service Superannuation Fund ("the Plan"). The Plan is funded by equal employee and employer contributions. The employer's contributions are included in the CDHA's operating expenses. The Nova Scotia Government Department of Finance administers the Plan.. The CDHA is not responsible for any unfunded liability in this plan.

Nova Scotia Association of Health Organizations

Employees of the former Nova Scotia Rehabilitation Centre ("NSRC") and Camp Hill Medical Centre ("CHMC")and the Central Regional Health Board ("CRHB") participate in the multi-employer pension plan administered by the Nova Scotia Association of Health Organizations. The most recent actuarial valuation was conducted as at December 31, 1998 and showed a funding excess for the entire plan of over $70,000,000.

Federal Superannuation Fund

Small group of employees of the former Camp Hill Medical Centre ("CHMC") who were on staff when Camp Hill Hospital transferred from Federal to Provincial jurisdiction on May 29, 1978 and opted to continue in this pension plan. The Plan is funded by employee and employer contributions. The employer's contributions are included in the CDHA's operating expenses. The Public Works and Government Services Canada administer the pension plan. The CDHA is not responsible for any unfunded liability in this plan.

Total employer contributions to the above mentioned plans is as follows:

	2001 (in thousands)
Employer contributions - NS Hospital	$ 1,153
Employer contributions - QE11	9,628
Employer contributions - Former CRHB	1,168
Employer contributions - CDHA	478
	$ 12,427

9. Long-term disability plan

Public Service Long Term Disability Plan Trust Fund

Employees of the former VGH, CTRF, NSH and Public Health/Drug Dependency from the Central Regional Health Board are members of this plan which is funded equally by employee and employer contributions. The employer's contributions are included in the CDHA's operating expenses. The Plan is currently administered by the Province of Nova Scotia and NSGEU. The most recent actuarial valuation was conducted as at March 31, 1997 and showed an unfunded liability of approximately $35,000,000.

Nova Scotia Association of Health Organizations

Employees of the former CHMC, QE11 and the former CRHB are members of this plan, which is funded equally by employee and employer contributions. The employer's contributions are included in the CDHA's operating expenses. The Nova Scotia Association of Health Organizations administers this long-term disability plan. The most recent actuarial valuation was completed as of December 31, 1999 and disclosed an unfunded liability of approximately $240,000.

Canada Life Plan

Employees of the former NS Rehabilitation Centre are members of this plan, which is funded equally by employee and employer contributions. The employer's contributions are included in the CDHA's operating expenses. The plan is currently administered by Canada Life.

10. Lease commitments

The CDHA is committed to the following annual lease payments in each of the next five fiscal years ended March 31:

	(in thousands)
2002	$ 4,056
2003	4,057
2004	4,076
2005	3,748
2006	3,715

11. Contingency

The CDHA is disputing amounts claimed by a consulting firm to the QE11 as a result of a re-engineering project. The outcome of this dispute is not determinable at this time and no amount has been recorded in the financial statements as at March 31, 2001. The costs of settlement of this matter, if any, will be recorded in the year of resolution.

Schedule A

CAPITAL DISTRICT HEALTH AUTHORITY

Schedule of Revenues
Operating Fund
Year ended March 31, 2001

	Operating	Provincial Funded Programs	Research	2001 Total	2000 Total (in thousands)
Department of Health	$ 393,940	$ 10,223	$ 188	$ 404,351	$ 421,019
Provincial Grants	3,336	—	—	3,336	4,800
Amortization of capital funding	25,875	—	—	25,875	25,110
Federal Government	17,416	—	3	17,419	16,790
Other	7,996	12	1,063	9,071	7,733
Research grants	—	—	6,437	6,437	8,442
Research contracts	—	—	6,311	6,311	7,294
Non resident billings	7,396	148	2	7,546	6,913
Dietary	5,098	—	—	5,098	5,923
Referred in from other facilities	5,495	—	—	5,495	5,121
Perferred accommodation	7,655	—	—	7,655	7,200
Medical education	—	5,391	—	5,391	4,719
Workers Compensation Board	3,318	—	—	3,318	3,362
Year 2000	—	—	—	—	3,271
Utilities	2,010	—	—	2,010	2,121
Deinsured services	308	—	4	312	769
Parking	30	500	—	530	330
Research transfer	—	—	(918)	(918)	(5,188)
Bad debts	(1,871)	(1)	(2)	(1,874)	(1,206)
Gross revenues	478,002	16,273	13,088	507,363	524,523
Less: Amortization of capital funding	25,875	—	—	25,875	25,110
Year 2000	—	—	—	—	3,271
	25,875	—	—	25,875	28,381
Net revenues	$ 452,127	$ 16,273	$ 13,088	$ 481,488	$ 496,142

Schedule B

CAPITAL DISTRICT HEALTH AUTHORITY

Schedule of Expenditures
Operating Fund
Year ended March 31, 2001

	Operating	Programs	Provincial Funded Research	2001 Total (in thousands)	2000 Total
Compensation	$ 319,174	$ 26,021	$ 8,290	$ 353,485	$ 337,637
Supplies	31,516	3,587	9	35,112	34,310
Drugs	17,967	1,561	26	19,554	28,748
Depreciation	25,875	—	—	25,875	25,175
Purchased services	13,874	489	150	14,513	19,814
Plant maintenance supplies	14,993	295	712	16,000	16,267
Utilities	14,564	151	136	14,851	14,392
Fees	10,381	673	3,069	14,123	14,384
Food supplies	5,649	2	—	5,651	6,413
Lab Supplies	4,644	19	88	4,751	6,226
Diagnostic imaging	3,558	—	14	3,572	3,545
Year 2000	—	—	—	—	3,271
Other	6,096	1,047	(1,352)	5,791	4,340
Travel	2,533	245	668	3,446	2,099
Employee future benefits expense (note 7)	3,818	—	—	3,818	4,800
Insurance	956	—	1	957	968
Grants	786	—	—	786	876
Gross expenditures	476,384	34,090	11,811	522,285	523,265
Less: Depreciation	(25,875)	—	—	(25,875)	(25,175)
Year 2000	—	—	—	—	3,271
	(25,875)	—	—	(25,875)	(28,446)
Net expenditures	$ 450,509	$ 34,090	$ 11,811	$ 496,410	$ 494,819

Schedule C

CAPITAL DISTRICT HEALTH AUTHORITY

Schedule of Changes in Capital
Year ended March 31, 2001

	2001	2000
	(in thousands)	
Capital Funding		
Department of Health	$ 6,868	$ 18,953
Foundations	723	5,600
Veterans Affairs Canada	—	243
Clinic Research	—	25
Other	—	—
Federal Government	29	—
	$ 7,620	$ 24,821
Capital Expenditures		
Equipment	$ 3,860	$ 12,059
Leasehold improvements	2,093	8,536
Buildings	116	73
Information technology	1,208	3,681
	$ 7,277	$ 24,349
Capital deficit funding from Department of Health	$ —	$ 55,177

CHECK INNS LIMITED

The following statements for Check Inns Limited are unaudited.

Unaudited

CHECK INNS LIMITED

Balance Sheet
March 31, 2001

	2001	2000
Assets	$ —	$ —

LIABILITIES

	2001	2000
Current		
Payables and accruals		
Department of Tourism and Culture	$ 89,907	$ 89,907

SHAREHOLDER'S EQUITY

	2001	2000
Capital Stock		
Authorized:		
5,000 common shares with par value of $1 each		
Issued:		
3 common shares	3	3
Retained earnings	(89,910)	(89,910)
	(89,907)	(89,907)
	$ —	$ —

Statement of Loss and Retained Earnings
year ended March 31, 2001

	2001	2000
Expenses	$ —	$ —
Retained earnings, beginning of year	$ (89,910)	$ (89,910)
Net loss	—	—
Retained earnings, end of year	$ (89,910)	$ (89,910)

AUDITORS' REPORT

To the Chairperson and Members
of the Board

We have audited the balance sheets of Chignecto-Central Regional School Board as at March 31, 2001 and the statements of operations, surplus, investment in capital assets and continuity of reserves for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2001 and the results of its operations for the year then ended in accordance with generally accepted accounting principles established for school boards in the Province of Nova Scotia.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in the Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP
Chartered Accountants

Halifax, Canada
July 6, 2001

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Consolidated Balance Sheet
March 31, 2001

ASSETS

	2001	2000
Current assets:		
Cash	$ 4,900,742	$ 1,398,251
Accounts receivable:		
Government of Canada (note 2)	1,217,674	1,094,104
Province of Nova Scotia (note 3)	1,598,347	3,556,552
Municipalities	—	273,308
Other	660,868	588,995
Prepaid expenses	69,259	53,852
Due from Trust Funds	1,067	—
	8,447,957	6,965,062
Other assets:		
Restricted cash and investments	1,421,410	706,539
	1,421,410	706,539
Capital assets (note 4):		
School buildings and land	82,053,492	79,674,129
Equipment and furnishings	32,681,785	31,551,371
School buses and maintenance vehicles	10,943,441	10,199,767
	125,678,718	121,425,267
	$ 135,548,085	$ 129,096,868

LIABILITIES and EQUITY

	2001	2000
Current liabilities:		
Accounts payable and accrued liabilities	$ 7,585,922	$ 5,798,640
Deferred revenue	759,658	579,450
Due to Trust Funds	—	51
	8,345,580	6,378,141
Other liabilities:		
Obligation under Early Retirement Program (note 5)	—	28,977,405
	—	28,977,405
Equity:		
Deficiency in Early Retirement Program (note 5)	—	(28,977,405)
Reserves	1,422,478	1,206,488
Investment in capital assets	125,739,748	121,486,297
Surplus - non-restricted	40,279	25,942
	127,202,505	93,741,322
	$ 135,548,085	$ 129,096,868

See accompanying notes to financial statements.

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Operating Fund Balance Sheet
March 31, 2001

ASSETS

	2001	2000
Current assets:		
Cash	$ 4,900,742	$ 1,398,251
Accounts receivable:		
Government of Canada (note 2)	1,217,674	1,094,104
Province of Nova Scotia (note 3)	1,598,347	3,556,552
Municipalities	—	273,308
Other	660,868	588,995
Prepaid expenses	69,258	53,852
	8,446,889	6,965,062
Other assets:		
Restricted cash and investments	1,377,867	665,009
	$ 9,824,756	$ 7,630,071

LIABILITIES AND EQUITY (DEFICIT)

	2001	2000
Current liabilities:		
Accounts payable and accrued liabilities	$ 7,585,922	$ 5,798,640
Deferred revenue	759,658	579,450
Due to own funds	1,438,897	1,226,039
	9,784,477	7,604,129
Other liabilities:		
Obligation under Early Retirement Program (note 5)	—	28,977,405
Equity (deficit):		
Deficiency in Early Retirement Program (note 5)	—	(28,977,405)
Surplus - non-restricted	40,279	25,942
	40,279	(28,951,463)
	$ 9,824,756	$ 7,630,071

See accompanying notes to financial statements.

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Statement of Operations
Year ended March 31, 2001

	2001 Budget	2001 Actual	2000 Actual
Revenue (schedule A):			
Province of Nova Scotia	$ 109,738,229	$ 110,720,038	$ 112,221,767
Government of Canada	1,954,285	2,414,883	2,267,676
Appropriation from Councils	18,587,246	18,587,294	18,339,436
Board operations	2,358,357	3,381,127	3,145,333
	132,638,117	135,103,342	135,974,212
Expenditures (schedule B):			
Regional services	3,329,715	3,311,805	3,762,638
Instructional services	92,109,282	91,024,833	91,520,544
Property service	13,295,377	14,494,595	13,935,725
Pupil transportation	7,995,687	7,429,278	7,788,166
Special education	12,332,827	12,596,553	12,002,728
Adult education	576,899	602,041	614,862
Summer school	76,875	92,528	79,442
Cafeteria	1,122,552	1,240,095	1,247,120
Capital equipment, repairs and renovations	1,493,809	4,083,300	3,632,033
Debt service costs	305,094	—	414,357
Transfer to reserve for Instructional Program Enhancement	—	213,977	468,714
Transfer to reserve for future operations	—	—	500,000
	132,638,117	135,089,005	135,966,329
Excess of revenue over expenditures	$ —	$ 14,337	$ 7,883

Statement of Surplus
Year ended March 31, 2001

	2001	2000
Surplus, beginning of year	$ 25,942	$ 18,059
Excess of revenue over expenditures	14,337	7,883
Surplus, end of year	$ 40,279	$ 25,942

See accompanying notes to financial statements.

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Capital Fund Balance Sheet
March 31, 2001

ASSETS

	2001	2000
Due from own funds	$ 61,030	$ 61,030
Capital assets (note 4):		
School buildings and land	82,053,492	79,674,129
Equipment and furnishings	32,681,785	31,551,371
School buses and maintenance vehicles	10,943,441	10,199,767
	$ 125,739,748	$ 121,486,297

EQUITY

	2001	2000
Investment in capital assets	125,739,748	121,486,297
	$ 125,739,748	$ 121,486,297

Statement of Investment in Capital Assets
Year ended March 31, 2001

	2001	2000
Balance, beginning of year	$ 121,486,297	$ 115,994,977
Capital asset purchases funded from operations:		
School buildings and land	2,219,264	937,417
Equipment and furnishings	759,952	1,872,177
School buses and maintenance vehicles	1,104,084	822,439
Donated capital assets:		
School buildings	160,099	595,637
Equipment and furnishings	370,462	376,326
	4,613,861	4,603,996
Capital debt repayment:		
Retirement of debt	—	357,448
Forgiveness of debt by Province of Nova Scotia	—	975,017
Retirement of capital assets:		
School buses and maintenance vehicles	(360,410)	(445,141)
Balance, end of year	$ 125,739,748	$ 121,486,297

See accompanying notes to financial statements.

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Reserve Fund Balance Sheet
March 31, 2001

		2001		2000
ASSETS				
Cash and investments	$	43,543	$	41,530
Due from own funds		1,378,935		1,164,958
	$	1,422,478	$	1,206,488
RESERVES				
Reserve for Instructional Program Enhancement	$	852,475	$	638,498
Reserve for School Advisory Councils		18,633		18,633
Reserve for future operations		500,000		500,000
Special Capital Reserve		13,499		13,258
Capital Reserve		37,871		36,099
	$	1,422,478	$	1,206,488

Statement of Continuity of Reserves
Year ended March 31, 2001

		2001		2000
Balance, beginning of year	$	1,206,488	$	235,772
Interest earned		2,013		2,002
		1,208,501		237,774
Transfer from current operations:				
Instructional Program Enhancement		213,977		468,714
Future operations		—		500,000
Balance, end of year	$	1,422,478	$	1,206,488

See accompanying notes to financial statements.

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Notes to Financial Statements
Year ended March 31, 2001

Pursuant to an Act passed by the Province of Nova Scotia, the Colchester-East Hants District School Board, Cumberland District School Board, and the Pictou District School Board were amalgamated to form the Chignecto-Central Regional School Board. The Regional School Board is incorporated under the provisions of the Education Act of the Province of Nova Scotia and its principal business activity is operating a regional school system.

1. Significant accounting policies:

Basis of accounting:

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed by the Nova Scotia District School Board Financial Handbook.

(a) Financial statement presentation:

The financial statements of the Board have been prepared in accordance with the fund basis of accounting.

(b) Revenue and expenditures recognition:

Revenue and expenditures are recorded using the modified accrual basis of accounting. Major revenues and expenditures are recorded on the accrual basis except for principal and interest payments relating to term debt which are recorded as an expense when paid. Capital assets acquired with operating funds are recorded as an expenditure when incurred. Teachers' salaries are recorded on a cash basis. Outstanding purchase orders at the balance sheet date are accrued and recorded as payables.

(c) Capital assets:

Capital assets are recorded at cost. Funds received through capital assistance programs are treated as additions to the investment in capital assets. The School Board does not record depreciation on its capital assets.

(d) Basis of consolidation:

The consolidated balance sheet has been prepared to conform in all material respects to the accounting principles prescribed by the Nova Scotia District School Board Financial Handbook. Trust funds are not included in the consolidation (see note 8) and interfund balances have been eliminated.

2. Accounts receivable, Government of Canada:

	2001	2000
Band Councils	$ 697,509	$ 429,097
Goods and Services Tax	495,767	477,779
Other	24,398	187,228
	$ 1,217,674	$ 1,094,104

3. Accounts receivable, Province of Nova Scotia:

	2001	2000
Fuel subsidy	$ 440,800	$ —
Special capital projects	—	350,167
Service award funding	—	829,954
Technology Refresh	221,945	—
Other	935,602	2,376,431
	$ 1,598,347	$ 3,556,552

4. Capital assets:

In 1982, on creation of the former District School Boards, an agreement was made with respect to capital assets which stated that all land and school buildings on hand at December 31, 1981 remain assets of the municipal units but will be under the operational control of the District School Boards until such time as the School Boards no longer require the assets for school purposes. At that time, control will revert back to the municipalities. In addition, one of the former District School Boards also had an agreement to offer back to the municipalities, at no cost, certain land and buildings acquired in 1970 if they are ever declared surplus by the Board. These agreements have been carried forward to the Regional School Board.

As a result of improvements made to school buildings, the Chignecto-Central Regional School Board now has an interest in real property to which it does not have title. Under the Education Act, should a building returned by the Regional School Board under the circumstances noted above, be sold by the Municipal unit or destroyed, a portion of any proceeds will be payable to the Regional School Board.

5. Early Retirement Program:

During the 2000-2001 fiscal year the Province of Nova Scotia assumed full responsibility for the Early Retirement Plan (1994-1998).

6. Service Award Program:

Under the terms of the agreements with the local unit of the Nova Scotia Teachers' Union, the Board is required to pay a service award to each teacher who accumulates a defined minimum of years service with the Board and is employed by the Board immediately prior to retirement.

As at March 31, 2001 management has not estimated the liability for service award credits earned to date. This liability is currently unfunded by the Board. The amount of $241,605 (2000 - $1,553,509) recorded as a service award expenditure during the year represents awards paid and payable to teachers whose resignations have been accepted by the Board. Appropriations not made for the cost of service award credits earned in the current year by teachers who have not yet retired.

7. Insurance:

The Board is a member of a self insurance plan with the Nova Scotia Board Association.

8. Trust funds (schedules C and D):

The following are trust fund balances:

	2001	2000
ARHS Prize	$ 1,905	$ 1,972
Biggs	21,386	21,117
Blaikie	2,805	---
Brine	1,153	1,201
Campbell	1,207	1,205
Chignecto Family	7,259	7,229
Christie	14,049	13,329
Class of Fifty	1,465	---
Cole	2,157	2,070
Coleman	230	(19)
Decker	6,349	6,316
Dempsey	111	211
Devenne	4,852	4,812
Dowe	714	716
Dunbar	3,000	3,017
Eaton	1,988	1,872
Edwards	2,962	2,467
Fields	1,733	1,731
Fife	---	600
Fulmer	16,322	10,021
Gosse	2,589	2,450
Harrison	5,131	5,104
Hewson	23,938	23,324
Hunter	45,000	---
Kirkpatrick	1,103	1,678
LaFarge	9,625	10,000
MacInnes	2,000	2,000
MacKenzie	12,016	12,084
McBrien	5,510	5,510
MacIver	6,019	5,872
McIver	1,517	1,558
Parker	2,627	2,711
Parrsboro Prize	1,011	1,001
Pugsley	78,829	73,742
Red Cross	3,262	---
Roach	1,132	1,072
Smith	1,538	1,535
Sorge	5,472	5,479
Stay-in-School	13,962	13,986
Tingley	13,154	13,033
Tye	31,385	28,493
Wilkes	5,520	---
	$ 363,987	$ 290,499

9. **Pension plans:**

The Regional School Board's Canadian Union of Public Employees (CUPE) staff participate in a defined benefit pension plan held on behalf of the Regional School Board by the Nova Scotia School Boards Association. The latest actuarial valuation was performed on December 31, 1999 and indicated accrued pension benefits of $2,882,300 and pension fund assets with market values of $3,202,900.

The Regional School Board's Nova Scotia Government Employees Union (NSGEU) and non-union staff are covered by a pension plan established by the Province of Nova Scotia pursuant to the Public Service Superannuation Act.

The Regional School Board's teachers are covered by a pension plan established by the Province of Nova Scotia pursuant to the Teachers' Pension Act.

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Schedule A - Supplementary Details of Revenue
Year ended March 31, 2001

	2001 Budget	2001 Actual	2000 Actual
Province of Nova Scotia:			
General formula	$ 99,533,254	$ 99,533,301	$ 98,819,800
Special education	7,078,400	7,078,400	7,078,400
Textbook credit allocation	1,297,200	1,297,200	1,127,700
Severe Learning Disabilities	225,100	225,100	225,100
Capital debt	255,760	---	268,409
Capital transportation	764,800	1,014,800	1,024,800
Emergency capital grants	---	---	185,000
French special projects	83,715	81,188	69,497
Service awards funding	---	---	829,954
Information Economy Initiative	---	451,830	638,597
Other	500,000	1,038,219	1,954,510
	$ 109,738,229	$ 110,720,038	$ 112,221,767
Government of Canada:			
Indian and Northern Affairs Canada	$ 1,700,000	$ 2,021,877	$ 1,898,950
Secretary of State:			
Minority language	45,000	38,546	39,210
French special projects	209,285	202,969	173,743
Employment and Immigration Canada	---	141,491	145,773
Other	---	10,000	10,000
	$ 1,954,285	$ 2,414,883	$ 2,267,676
Appropriation from Councils:			
Municipality of Colchester	$ 4,371,063	$ 4,371,062	$ 4,313,807
Municipality of Cumberland	2,178,691	2,178,696	2,115,698
Municipality of East Hants	2,451,811	2,451,816	2,409,828
Municipality of Pictou	3,036,932	3,036,936	3,035,700
Town of Amherst	1,152,014	1,152,012	1,142,004
Town of New Glasgow	1,208,234	1,208,232	1,202,412
Town of Oxford	182,661	182,664	164,808
Town of Parrsboro	143,490	143,496	137,808
Town of Pictou	350,030	350,040	343,944
Town of Springhill	383,866	383,880	370,488
Town of Stellarton	523,058	523,056	524,808
Town of Stewiacke	149,304	149,304	146,664
Town of Trenton	223,792	223,800	215,940
Town of Truro	1,973,502	1,973,496	1,965,520
Town of Westville	258,798	258,804	250,007
	$ 18,587,246	$ 18,587,294	$ 18,339,436
Board operations:			
Cafeterias	$ 1,132,552	$ 1,278,343	$ 1,227,131
Investment interest	170,000	451,329	175,947
Adult education fees	129,500	121,801	151,027
Rentals	542,982	564,266	500,547
Summer School	30,500	34,662	29,152
International Student Program	30,000	577,924	119,043
Other	322,823	352,802	942,486
	$ 2,358,357	$ 3,381,127	$ 3,145,333

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Schedule B - Supplementary Details of Expenditures
Year ended March 31, 2001

	2001 Budget	2001 Actual	2000 Actual
Regional services:			
Salaries and wages	$ 2,062,710	$ 2,097,302	$ 2,253,371
Board member honorarium	124,800	128,975	118,755
Employee benefits	217,880	219,439	252,154
Supplies and materials	153,480	212,184	215,802
Travel and conference - Staff	134,634	148,252	231,206
Travel and conference - Board	62,000	42,080	63,063
Telephone	81,200	70,679	73,270
Professional fees	90,000	67,116	193,327
Administrative services	221,379	168,905	140,083
Facilities rental	23,832	23,831	22,246
Dues and fees	60,500	54,628	102,378
Advertising	46,000	17,127	50,292
Consulting and contracted services	—	31,343	45,168
School board elections	50,000	29,844	—
Other	1,300	100	1,523
	$ 3,329,715	$ 3,311,805	$ 3,762,638
Instructional services:			
Salaries and wages	$ 81,916,785	$ 80,738,278	$ 80,035,505
Employee benefits	5,249,317	4,814,477	4,811,494
Service awards (note 6)	211,829	241,605	1,553,509
Supplies and materials	2,540,639	2,264,497	2,410,838
Textbook credit allocation	1,284,662	1,297,200	1,127,700
Travel and conferences	144,447	348,313	407,027
In-service training	—	79,643	289,438
Program initiatives	243,150	373,435	350,258
Telephone	283,453	271,815	292,157
Computer services	235,000	291,425	228,998
International Student Program	—	291,032	—
Other	—	13,113	13,620
	$ 92,109,282	$ 91,024,833	$ 91,520,544
Property service:			
Salaries and wages	$ 6,470,799	$ 6,604,982	$ 6,861,677
Employee benefits	1,142,162	1,048,626	1,019,498
Supplies and materials	1,227,344	1,266,996	1,289,591
Utilities	3,741,813	4,651,628	3,971,661
Travel, conference and in-services	35,030	43,756	51,733
Insurance	302,500	301,060	274,652
Contracted Services	323,609	484,756	409,092
Telephone	50,500	58,183	52,369
Other	1,620	34,608	5,452
	$ 13,295,377	$ 14,494,595	$ 13,935,725
Pupil transportation:			
Salaries and wages	$ 4,068,271	$ 3,620,150	$ 3,878,697
Employee benefits	652,034	565,332	560,171
Vehicle operating	1,095,950	1,117,244	1,090,811
License	70,000	75,005	68,141
Insurance	77,000	63,882	66,754
Garage expenses	59,000	50,048	35,417
Travel, conferences and in-services	5,732	8,089	24,188
Contract conveyance	1,928,000	1,897,766	2,033,770
Bus site maintenance	15,000	11,398	11,876
Telephone	24,700	20,364	18,341
	$ 7,995,687	$ 7,429,278	$ 7,788,166

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Schedule B - Supplementary Details of Expenditures (continued)
Year ended March 31, 2001

	2001 Budget	2001 Actual	2000 Actual
Special education:			
Salaries and wages	$ 11,291,713	$ 11,463,508	$ 10,872,496
Employee benefits	778,000	852,318	811,738
Supplies and materials	160,000	147,447	140,007
Circuit and resource travel	58,000	69,835	52,003
Travel, conferences and in-services	19,114	42,492	106,447
Telephone	26,000	20,810	19,518
Other	—	143	519
	$ 12,332,827	$ 12,596,553	$ 12,002,728
Adult education:			
Salaries and wages	$ 409,799	$ 431,941	$ 434,634
Employee benefits	43,400	50,136	43,363
Contracted services	36,547	45,705	42,219
Travel and conference	7,000	9,978	16,769
Supplies and materials	43,000	27,541	45,119
Advertising	21,453	20,914	14,123
Facilities rental	7,500	3,122	8,741
Telephone and computer services	8,200	12,704	9,894
	$ 576,899	$ 602,041	$ 614,862
Summer school:			
Salaries, wages and employee benefits	$ 71,375	$ 90,391	$ 2,077
Contracted services	—	—	75,000
Supplies and materials	3,500	2,028	2,215
Travel and conference	2,000	109	150
	$ 76,875	$ 92,528	$ 79,442
Cafeteria:			
Salaries and wages	$ 436,046	$ 428,131	$ 430,089
Employee benefits	53,867	56,631	52,254
Supplies and materials	582,639	706,327	685,435
Contracted services	50,000	49,006	79,342
	$ 1,122,552	$ 1,240,095	$ 1,247,120

F3

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Schedule C - Trust Fund Balance Sheet
March 31, 2001

ASSETS

	2001	2000
Cash and investments	$ 365,055	$ 290.448
Due from Operating Fund	—	51
	$ 365,055	$ 290,499

EQUITY

	2001	2000
Due to Operating Fund	$ 1,068	$ —
Trust Funds (note 8)	363,987	290,499
	$ 365,055	$ 290,499

Schedule D - Statement of Continuity of Trust funds
Year Ended March 31, 2001

	2001	2000
Balance, beginning of year	$ 290,499	$ 276,971
Receipts:		
Principal	82,408	22,114
Interest earned	14,152	11,931
	96,560	34,045
Disbursements:		
Bursaries and scholarships	(23,072)	(20,517)
Balance, end of year	$ 363,987	$ 290,499

See accompanying notes to financial statements.

AUDITORS' REPORT

We have audited the balance sheet of the College de l'Acadie as at March 31, 2001 and 2000, the statement of operations and changes in net assets and the statement of changes in financial position for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College de l'Acadie as at March 31, 2001 and 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Saxton Comeau
Chartered Accountants

Yarmouth, Nova Scotia
June 8, 2001

COLLEGE DE L'ACADIE

Balance Sheet
March 31, 2001 and 2000

	2001	2000
ASSETS		
Current Assets:		
Cash	$ 26,300	$ 368,660
Accounts receivable (note 3)	651,546	1,308,895
Bookstore inventory	—	23,404
	677,846	1,700,959
Long-term investments (Market value $846,777)	869,875	831,896
Capital assets (note 4)	1,276,663	1,148,080
	2,146,538	1,979,976
	$ 2,824,384	$ 3,680,935
LIABILITIES		
Current liabilities:		
Cheques issued in excess of funds on deposit	$ 88,525	$ —
Accounts payable	662,075	662,183
Deferred revenues	227,457	376,864
Current portion of capital lease obligation	248,000	232,500
	1,226,057	1,271,547
Long term capital lease obligation (note 5)	204,690	491,664
NET ASSETS		
Invested in capital assets	823,973	423,916
Unrestricted, operating surplus (deficit) (note 6)	(326,511)	640,432
Internally restricted surplus	896,175	853,376
	1,393,637	1,917,724
Commitments (note 6)		
	$ 2,824,384	$ 3,680,935

COLLEGE DE L'ACADIE

Statement of Operations and Changes in Net Assets
Year ended March 31, 2001 and 2000

	2001 Budget	2001 Actual	2000 Actual
Revenue:			
Government grants	$ 2,900,000	$ 3,176,000	$ 3,826,000
Tuition fees	252,000	200,815	190,101
Bookstore sales	42,707	44,483	85,395
Recoveries	—	52,179	31,282
Investments	35,000	68,049	68,503
Miscellaneous	33,581	17,252	48,115
Transfer from operating surplus	640,432	640,432	—
	3,903,720	4,199,210	4,249,396
Customized training	519,900	947,940	449,598
	4,423,620	5,147,150	4,698,994
Expenses:			
Wages and employee benefits	2,496,412	2,344,626	2,437,928
Severance	—	—	36,000
Telecommunications	464,269	386,927	382,022
Building and property management	372,964	383,289	265,152
Capital improvements	61,373	—	71,990
Technology equipment management	274,969	162,654	127,952
Public relations and marketing	92,566	137,711	135,496
Travel	149,448	120,913	141,839
Bookstore purchases	42,707	78,136	71,330
Training and teaching supplies	88,455	56,917	91,415
Honorariums and professional fees	147,995	46,043	67,284
Photocopies and office supplies	81,768	78,202	37,388
Amortization of capital assets	234,000	260,173	169,872
Freight and delivery	13,411	17,135	12,719
Student services	14,549	14,269	22,752
Program research and development	168,969	35,253	20,612
Subscriptions	19,765	7,089	7,860
Miscellaneous	—	—	1,436
	4,723,620	4,129,337	4,101,047
Customized training	—	901,468	368,360
	4,723,620	5,030,805	4,469,407
Excess of revenue over expenses (expenses over revenue)	(300,000)	116,345	229,587
Net assets, beginning of year		1,917,724	1,688,137
Transfer from operating surplus		(640,432)	—
Net assets, end of year		$ 1,393,637	$ 1,917,724

COLLEGE DE L'ACADIE

Statement of Changes in Financial Position
Year ended March 31, 2001 and 2000

		2001		2000
Net inflow of cash related to operating activities:				
Excess of revenue over expenses	$	116,345	$	229,587
Amortization of capital assets		260,173		169,872
Transfer from unrestricted operating surplus		(640,432)		---
Increase (decrease) in non-cash working capital items (note 8)		531,238		(535,715)
		267,324		(136,256)
Net outflow of cash related to investing activities:				
Purchase of capital assets		(410,680)		(292,396)
Purchase of long-term investments		(37,979)		(831,896)
		(448,659)		(1,124,292)
Net outflow of cash related to financing activities				
Decrease in capital lease obligation		(249,550)		(29,297)
Decrease in cash		(430,885)		(1,289,845)
Cash, beginning of year		368,660		1,658,505
Cash, end of year	$	(62,225)	$	368,660

Cash is defined as cash plus short term investments.

1. **Overview:**

The College de l'Acadie is a post-secondary french educational institution, created under the authority of Law 55, Nova Scotia Community College and College de l'Acadie, on April 1, 1997. The College is responsible for enhancing the economic and social well being of Nova Scotia by meeting the occupational training requirements of the population and the labour market.

2. **Significant accounting policies:**

Fund accounting and presentation of financial statements

The College accounts for its activity by funds. Each fund is segregated to ensure that internal or external restrictions are maintained. The College follows the deferral method of accounting for contributions. Funding for expenses of future periods are deferred and recognized as revenue in the year in which the related expense is incurred. The deferral method also differentiates restricted and non-restricted funds.

The operations of the College are managed by two main funds: the operating fund and special projects fund.

(i) Operating fund

The Operating fund receives revenue and incurs expenses required to administer the operations of the College. This fund includes operating and teaching costs, the general operating grant and other operating revenues. It includes accumulated surplus from administration and academic operations. The Operating fund also accounts for all activity in the satellite offices, which are located in Clare, Tusket, Dartmouth, Pomquet, Petit-de-Grat and St. Joseph du Moine.

(ii) Capital Fund

The Capital fund reports all of the Organization's capital assets (i.e. equipment and portable classrooms), liabilities, revenues and expenses including contributions and amortization.

(iii) Internally restricted funds

This fund includes monies received from the Province of Nova Scotia. The Board has restricted these funds to be used to finance the construction of new facilities.

(iv) Customized training

The College received grant revenues and tuition fees pertaining to specific projects. Revenues from projects that are not complete as at March 31, 2001 are recorded in the amounts based on the estimation of completion of each project. Revenues and expenses for these specific projects are included in the operating fund.

Capital Assets

The College capitalizes equipment and computers with a cost in excess of $3,000 and a useful life in excess of one year. These assets are amortized using the straight line method. The College estimates the useful life of its capital assets to be the following:

Software	3 years
Computers	3 years
Equipment under capital lease obligation	3 years
Vehicles	3 years
Equipment	5 years
Portable classrooms	20 years
Landscaping	20 years

The Province has retained ownership of the land and buildings, which are not recorded in these financial statements. Improvements made to these buildings are expenses as incurred.

Pension Plan

The College's pension plan is administered by the Province. The College expenses the annual pension plan contributions as they are incurred.

Inventory

The bookstore inventory is valued at the lower of costs and net realizable value. The bookstore has ceased operating in July of 2000.

Investments

The long term investments are valued at cost.

3. Accounts receivable

	2001	2000
HST receivable	$ 108,249	$ 109,269
Government grants	289,838	1,100,000
Bookstore, tuition fees and recoveries	135,220	57,676
Accrued interest	1,239	2,233
Customized training projects	117,000	39,717
	$ 651,546	$ 1,308,895

4. Capital assets:

			2001	2000
	Cost	Accumulated amortization	Net book Value	Net book Value
Software	$ 78,993	$ 52,662	$ 26,331	$ 52,662
Computers	508,504	256,147	252,357	50,123
Portable classrooms	202,451	36,568	165,883	176,275
Landscaping	136,158	16,884	119,274	126,082
Equipment	67,411	26,964	40,447	53,929
Equipment under capital lease obligation	731,536	128,902	602,634	689,009
Vehicles	69,737	—	69,737	—
	$ 1,794,790	$ 518,127	$ 1,276,663	$ 1,148,080

Vehicles for the ambulance project will be amortized during the years 2002 to 2004.

Equipment and computers with a cost in excess of $3,000 transferred from the Province on April 1, 1998 have been recorded at their net book value at that date and accounted for as grants from the provincial government.

5. Capital lease obligation:

The following is a schedule of future minimum lease payments under a capital lease expiring in 2003, together with the present balance of the obligation under a capital lease.

	Lease #1	Lease #2	Total
2002	$ 180,000	$ 100,000	$ 280,000
2003	165,000	58,300	223,300
Total minimum payments required by lease agreement	345,000	158,300	503,300
Less interest amounts calculated at 7.95% and 12.50% respectively	(35,286)	(15,324)	(50,610)
Capital lease obligation	309,714	142,976	452,690
Current portion of capital lease obligation	161,000	87,000	248,000
	$ 148,714	$ 55,976	$ 204,690

6. Commitments:

The College has committed to the construction of a new building in Dartmouth in the near future. The estimated costs of the construction are $2,500,000. These costs will be shared by Patrimoine Canada. The federal government is to provide funding of $920,000 and the balance of funds required will be sourced either from internally restricted funds, or external financing.

7. Contributed services:

The Province facilitates the College's operations by providing the use of four buildings. This benefit has not been reflected in the financial statements.

8. Changes in non-cash working capital:

	2001	2000
Decrease (increase) in accounts receivable	$ 657,349	$ (1,117,849)
Decrease (increase) in bookstore inventory	23,404	(12,570)
Increase in accounts payable	(108)	280,948
Increase in deferred revenues	(149,407)	313,756
	$ 531,238	$ (535,715)

9. Related party transactions

La Fondation du College de l'Acadie is a not-for-profit organization. The College did not transfer any monies to the fondation during this fiscal year (2000, nil).

10. Commitments and contingent liabilities

Certain grant programs require the college to incur a pre-determined level of specific expenditures. The expenditures in favor of these programs can be subject to revision or approval by the government. The amount of the possible adjustments regarding grants cannot be determined. If such adjustments were required, it would be recorded as a prior year adjustment in the financial statements.

11. **Customized training - aquaculture project:**

Over the course of the prior two year, the College de l'Acadie received funding to construct a facility and develop a course in aquaculture. All costs related to this project have been expensed in the operating fund as incurred as the fair market value of any assets is difficult to ascertain. If the project is not pursued and aquaculture training does not become part of the curriculum, any proceeds on the sale of any assets will be recorded in the year of sale.

12. **Interfund transfers:**

The operating fund transferred $660,230 (2000, $321,693) to the capital fund to finance the purchase of capital assets and capital lease obligation payments as follows:

		2001		2000
Purchase of capital assets	$	410,680	$	292,396
Payment on capital lease obligation		249,550		29,297
	$	660,230	$	321,693

13. **Subsequent event:**

Beginning in this fiscal year, representatives from l'Universite Sainte-Anne, le College de l'Acadie and the federal and provincial governments held numerous meetings to discuss the future of French post secondary education in Nova Scotia. College de l'Acadie and Universite Sainte-Anne are proposing a new management for the postseconeary schools and are moving towards an equal and significant consolidation of both educational institutions.

Currently, these post secondary schools continue to discuss the logistics of this consolidation with the Nova Scotia Department of Education and Heritage Canada.

AUDITORS' REPORT ON SUPPLEMENT INFORMATION

We have audited and recorded separately herein on the financial statements of the College de l'Acadie as at March 31, 2001 and for the year ended at that date.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the College taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Saxton Comeau
Chartered Accountants

Yarmouth, Nova Scotia
June 8, 2000

COLLEGE DE L'ACADIE

Schedules
Balance Sheet
March 31, 2001 and 2000

				2001	2000
	Operating Fund	Capital fund	Internally restricted fund	Total	Total
Assets					
Cash	$ —	$ —	$ 26,300	$ 26,300	$ 368,660
Accounts receivable	651,546	—	—	651,546	1,308,895
Bookstore inventory	—	—	—	—	23,404
Long-term investments	—	—	869,875	869,875	831,896
Capital assets	—	1,276,663	—	1,276,663	1,148,080
	$ 651,546	$ 1,276,663	$ 896,175	$ 2,824,384	$ 3,680,935
Liabilities					
Cheques issued in excess of funds on deposit	$ 88,525	$ —	$ —	$ 88,525	$ —
Accounts payable	662,075	—	—	662,075	662,183
Deferred revenues	227,457	—	—	227,457	376,864
Capital lease obligation	—	452,690	—	452,690	724,164
	978,057	452,690	—	1,430,747	1,763,211
Net Assets					
Internally restricted	—	—	896,175	896,175	853,376
Equity	(326,511)	823,973	—	497,462	1,064,348
	(326,511)	823,973	896,175	1,393,637	1,917,724
	$ 651,546	$ 1,276,663	$ 896,175	$ 2,824,384	$ 3,680,935

COLLEGE DE L'ACADIE

Schedules
Statement of Operations
Year ended March 31, 2001 and 2000

				2001	2000
	Operating fund	Capital fund	Internally restricted fund	Total	Total
Revenue:					
Government grants	$ 3,176,000	$ —	$ —	$ 3,176,000	$ 3,826,000
Tuition fees	200,815	—	—	200,815	190,101
Bookstore sales	44,483	—	—	44,483	85,395
Recoveries	52,179	—	—	52,179	31,282
Investments	25,250	—	42,799	68,049	68,503
Miscellaneous	17,252	—	—	17,252	48,115
Customized training	947,940			947,940	449,598
Transfer from operating surplus	640,432	—	—	640,432	—
	5,104,351	—	42,799	5,147,150	4,698,994
Expenses:					
Wages and benefits	2,344,626	—	—	2,344,626	2,437,928
Severance	—	—	—	—	36,000
Telecommunications	386,927	—	—	386,927	382,022
Building and property management	383,289	—	—	383,289	265,152
Capital improvements	—	—	—	—	71,990
Technology equipment management	162,654	—	—	162,654	127,952
Public relations and marketing	137,711	—	—	137,711	135,496
Travel	120,913	—	—	120,913	141,839
Bookstore purchases	78,136	—	—	78,136	71,330
Training and teaching supplies	56,917	—	—	56,917	91,415
Honorariums and professional fees	46,043	—	—	46,043	67,284
Photocopies and office supplies	78,202	—	—	78,202	37,388
Amortization of capital assets	—	260,173	—	260,173	169,872
Freight and delivery	17,135	—	—	17,135	12,719
Student services	14,269	—	—	14,269	22,752
Program research and development	35,253	—	—	35,253	20,612
Subscriptions	7,089	—	—	7,089	7,860
Miscellaneous	—	—	—	—	1,436
Customized training	901,468	—	—	901,468	368,360
	4,770,632	260,173	—	5,030,805	4,469,407
Excess of revenue over expenses (expenses over revenue)	333,719	(260,173)	42,799	116,345	229,587
Net assets, beginning of year	640,432	423,916	853,376	1,917,724	1,688,137
	974,151	163,743	896,175	2,034,069	1,917,724
Interfund transfers	(660,230)	660,230	—	—	—
Transfer from operating surplus	(640,432)	—	—	(640,432)	—
Net assets, end of year	$ (326,511)	$ 823,973	$ 896,175	$ 1,393,637	$ 1,917,724

College de l'Acadie
Schedules
Statement of Operations , Customized Training
Years ended March 31, 2001 and 2000

	Pomquet	Tusket	Clare	Dartmouth	Petit de Grat	St. Joseph du Moine	Administrative projects	2001 Total	1999 Total
Revenue:									
Tuition fees .... $	808 $	4,495 $	9,711 $	53,429 $	16,327 $	33,830 $	- $	118,600 $	138,531
Grants and other fees	-	90,735	81,514	24,465	522,852	-	105,679	825,245	298,845
Interest	-	-	-	-	4,095	-	-	4,095	12,223
	808	95,230	91,225	77,894	543,274	33,830	105,679	947,940	449,599
Expenses:									
Wages and employee benefits	-	56,460	48,081	42,185	60,181	29,720	42,972	279,599	103,722
Supplies and services	350	27,266	17,448	30,052	146,593	1,339	9,869	232,917	172,588
Equipment	-	4,404	25,918	-	356,796	-	1,834	388,952	92,050
	350	88,130	91,447	72,237	563,570	31,059	54,675	901,468	368,360
Excess of revenue over expenses (expenses over revenue)......... $	458 $	7,100 $	(222) $	5,657 $	(20,296) $	2,771 $	51,004 $	46,472 $	81,239

RAPPORT DES VÉRIFICATEURS

Au président et aux membres
Du Conseil scolaire acadien provincial

Nous avons vérifié les bilans du Conseil scolaire acadien provincial en date du 31 mars 2001 et les états des résultats et d'équité. Ces états financiers sont la responsabilité de l'administration du Conseil scolaire. Notre responsabilité consiste à exprimer une opinion sur ces états financiers en nous fondant sur notre vérification.

Notre vérification a été effectuée conformément aux normes de vérification généralement reconnues. Ces normes exigent que la vérification soit planifiée et exécutée de manière à fournir un degré raisonnable de certitude quant à l'absence d'inexactitudes importantes dans les états financiers. La vérification comprend le contrôle par sondages des informations probantes à l'appui des montants et des autres éléments d'information fournis dans les états financiers. Elle comprend également l'évaluation des principes comptables suivis et des estimations importantes faites par la direction, ainsi qu'une appréciation de la présentation d'ensemble des états financiers.

À notre avis, ces états financiers présentent fidèlement, à tous égards importants, la situation financière de la société au 31 mars 2001 ainsi que les résultats de son exploitation et l'évolution de sa situation financière pour les exercices terminés à ces dates selon les principes comptables généralement reconnus pour les conseils scolaires de la Nouvelle-Écosse.

Saxton Comeau

Yarmouth, Nouvelle-Écosse
le 1 juin, 2001

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Bilan consolidé

Au 31 mars 2001 et 2000

	2001	2000
Actif		
Actif à court terme:		
Sommes à recevoir:		
Province de la Nouvelle-Écosse	2 282 027 $	1 869 776 $
Gouvernement du Canada	2 008 302	1 569 852
Autres	1 049 152	1 440 724
Frais payés d'avance	41 763	30 771
	5 381 244	4 911 123
Encaisse et sommes à recevoir restreintes	88 306	588 235
Immobilisations, au coût:		
Terrains, édifices et améliorations (note 2)	22 219 469	21 630 002
Équipement et fournitures	3 855 740	3 800 413
Autobus scolaires et autres véhicules	1 995 710	1 764 182
	28 070 919	27 194 597
	33 540 469 $	32 693 955 $
Passif		
Passif à court terme:		
Chèques émis dépassant les fonds en dépôt	2 589 523 $	2 893 146 $
Fournisseurs et sommes à payer	2 565 095	1 911 580
Revenus reportés	197 892	106 397
	5 352 510	4 911 123
Engagement au plan de retraite anticipée (note 4)	-	277 906
Équité		
Réserves	88 306	588 235
Surplus	28 734	-
Équité en immobilisations	28 070 919	27 194 597
Investissement vers plans de retraite anticipée (note 4)	-	(277 906)
	28 187 959	26 916 691
Éventualités (note 5)		
	33 540 469 $	32 693 955 $

Voir les notes explicatives qui accompagnent ces états financiers.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Bilan - fonds d'opération

Au 31 mars 2001 et 2000

	2001		2000	
Actif				
Actif à court terme:				
Sommes à recevoir:				
Province de la Nouvelle-Écosse	2 282 027	$	1 869 776	$
Gouvernement du Canada	2 008 302		1 569 852	
Autres	1 049 152		1 440 724	
Frais payés d'avance	41 763		30 771	
	5 381 244	$	4 911 123	$
Passif				
Passif à court terme:				
Chèques émis dépassant les fonds en dépôt	2 502 706	$	2 306 329	$
Fournisseurs et sommes à payer:				
Fournisseurs et autres	2 565 095		1 911 580	
Payable au fonds des réserves	86 817		586 817	
Revenus reportés	197 892		106 397	
	5 352 510		4 911 123	
Engagement au plan de retraite anticipée (note 4)	-		277 906	
Equité				
Surplus	28 734		-	
Investissement vers plan de retraite anticipée (note 4)	-		(277 906)	
	28 734		(277 906)	
Éventualités (note 5)				
	5 381 244	$	4 911 123	$

Voir les notes explicatives qui accompagnent ces états financiers.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

État des résultats - fonds d'opération

Exercice clos le 31 mars 2001 et 2000

	2001		2000
	Budget	Actuel	Actuel
Revenus:			
Province de la Nouvelle-Écosse	24 885 032 $	25 424 918 $	25 705 030 $
Gouvernement du Canada	933 003	939 509	1 140 470
Allocations des conseils scolaires	616 222	605 018	1 102 557
Opérations du conseil scolaire	10 000	15 375	43 679
Autres revenus	921 883	788 830	124 512
	27 366 140	27 773 650	28 116 248
Dépenses:			
Administration du conseil scolaire	2 060 100	2 143 295	1 982 049
Administration scolaire et instruction	18 146 460	17 901 069	18 315 577
Service de maintien	2 526 831	2 941 682	2 637 024
Transport d' élèves	2 370 600	2 527 130	2 278 722
Éducation spéciale	1 958 749	1 903 039	1 810 698
Programmes fédéraux	-	38 706	41 820
Capital d'exploitation	303 400	789 995	371 660
Autres	-	-	178 698
	27 366 140	28 244 916	27 616 248
Excédent des revenus sur les dépenses (dépenses sur les revenus) avant le transfert à la réserve		(471 266)	500 000
Transfert de la (à la) réserve pour opérations		500 000	(500 000)
Excédent des revenus sur les dépenses	- $	28 734 $	- $

Voir les notes explicatives qui accompagnent ces états financiers.

État de la continuité du surplus

Exercice clos le 31 mars 2001 et 2000

	2001	2000
Déficit au début de l'exercice	- $	178 699 $
Transfert des opérations courantes	-	178 699
		-
Excédent des revenus sur les dépenses	28 734	-
Equité, à la fin de l'exercice	28 734 $	- $

Voir les notes explicatives qui accompagnent ces états financiers.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Bilan - fonds de capital

Au 31 mars 2001 et 2000

	2001	2000
Actif		
Immobilisations, au coût:		
Terrains, édifices et améliorations (note 2)	22 219 469 $	21 630 002 $
Équipement et fournitures	3 855 740	3 800 413
Autobus scolaires et autres véhicules	1 995 710	1 764 182
	28 070 919 $	27 194 597 $
Équité		
Équité en immobilisations	28 070 919 $	27 194 597 $
	28 070 919 $	27 194 597 $

Voir les notes explicatives qui accompagnent ces états financiers.

État de la continuité de l'équité en immobilisations

Exercice clos le 31 mars 2001 et 2000

	2001	2000
Équité, au début de l'exercice	27 194 597 $	27 267 764 $
Achats d'immobilisations:		
Terrains, édifices et améliorations	589 467	2 954
Équipement et fournitures	55 327	18 252
	644 794	21 206
Autobus scolaires et autres véhicules	128 008	180 528
Ajustement au autobus scolaires	153 027	-
Mise hors service d'immobilisations:		
Autobus scolaires	(49 507)	(274 901)
Équité, à la fin de l'exercice	28 070 919 $	27 194 597 $

Voir les notes explicatives qui accompagnent ces états financiers.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Bilan - fonds des réserves

Au 31 mars 2001 et 2000

	2001	2000
Actif		
Encaisse et investissements	1 489 $	1 418 $
Créance sur le fonds d'opération	86 817	586 817
	88 306 $	588 235 $
Équité		
Réserve pour opérations 2001 – 2002	- $	$500 000
Réserve pour allocations de retraite	86 817	86 817
Réserve pour fonds de bourse	1 489	1 418
	88 306 $	588 235 $

Voir les notes explicatives qui accompagnent ces états financiers.

État de la continuité du fonds des réserves

Exercice clos le 31 mars 2001 et 2000

				2001	2000
	Réserve pour opérations 2000/2001	Réserve pour allocations de retraite	Réserve pour fonds de bourse	Total	Total
Équité, au début de l'exercice	500 000 $	86 817 $	1 418 $	588 235 $	102 670 $
Transfert des (aux) opérations	(500 000)	-		(500 000)	485 452
Intérêts et versements	-	-	71	71	113
Equité, à la fin de l'exercice	- $	86 817 $	1 489 $	88 306 $	588 235 $

Voir les notes explicatives qui accompagnent ces états financiers.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Détails supplémentaires - revenus

Exercice clos le 31 mars 2001 et 2000

	2001		2000
	Budget	Actuel	Actuel
Province de la Nouvelle-Écosse:			
Formule générale	17 153 000 $	17 153 000 $	17 402 100 $
Transport	518 800	518 800	518 800
Gestion	103 300	103 300	103 300
Administration provincial	306 700	306 700	306 700
Programme	3 871 500	3 871 500	3 871 500
Maintien	477 100	477 100	477 100
Capital - maintien	106 000	106 000	106 000
Éducation spéciale	1 097 500	1 087 512	1 105 284
Manuels scolaires	196 300	196 300	169 400
Capital - transport	197 400	197 400	197 400
Capital d'urgence	100 000	213 377	130 901
Projets spéciaux	74 205	76 581	51 561
Autres	683 227	1 117 348	1 264 984
	24 885 032 $	25 424 918 $	25 705 030 $
Gouvernement du Canada:			
Paiement formulaire	148 790 $	148 758 $	160 279 $
Projets spéciaux	185 513	191 454	128 896
Autres	598 700	599 297	851 295
	933 003 $	939 509	1 140 470 $
Allocations des conseils scolaires:			
Transferts	616 222 $	605 018 $	1 102 557 $
	616 222 $	605 018 $	1 102 557 $
Opérations du conseil scolaire:			
Intérêts bancaires	10 000 $	15 375 $	6 655 $
Autres	-	-	35 546
Vente de biens	-	-	1 478
	10 000 $	15 375 $	43 679 $

Voir les notes explicatives qui accompagnent ces états financiers.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Détails supplémentaires - dépenses

Exercice clos le 31 mars 2001 et 2000

	2001		2000
	Budget	Actuel	Actuel
Administration du conseil scolaire:			
Salaires, administration	420 000 $	417 225 $	393 461 $
Salaires, personnel du bureau	240 000	341 246	305 292
Salaires, autres	325 000	215 420	246 368
Honoraires, membres	125 000	124 341	119 400
Avantages sociaux	92 000	98 908	89 838
Allocations de retraite/primes de départ	11 100	135 042	-
Fournitures et matériaux	110 000	119 605	87 317
Téléphone	50 000	60 790	47 821
Déplacements et conférences, personnel	132 000	127 507	139 440
Déplacements et conférences, membres	75 000	81 575	70 203
Primes d'assurances	35 000	32 364	29 422
Services professionnels	100 000	69 521	149 106
Cotisation/frais	40 000	21 749	43 325
Services administratifs	75 000	80 472	71 590
Publicité et promotion	50 000	49 955	55 742
Bureaux et loyer	70 000	66 324	61 103
Elections scolaires	60 000	57 047	21 321
Autres	50 000	44 204	51 300
	2 060 100 $	2 143 295 $	1 982 049 $

Administration scolaire et instruction:			
Salaires, administration	1 350 000 $	1 196 953 $	1 342 495 $
Salaires, instruction	12 060 380	12 056 883	11 880 322
Salaires, suppléance	450 000	349 301	509 311
Salaires, bibliothèque	110 000	113 639	92 514
Salaires, orientation	225 000	215 428	191 817
Salaires, personnel de bureau	475 000	408 880	376 569
Salaires, autres	515 029	702 648	588 237
Avantages sociaux	1 055 197	994 304	901 845
Allocations de retraite/primes de départ	151 854	43 084	6 404
Fournitures et matériaux	405 000	527 589	459 964
Manuels scolaires	237 000	196 300	238 840
Entraînement sur place	100 000	122 132	171 644
Déplacements, circuit et ressources	7 000	5 180	6 186
Déplacements et conférences, autres	130 000	109 784	108 208
Téléphone et services d'informatique	525 000	425 100	427 357
Transfert pour services – SRSB	350 000	417 941	940 369
Autres	-	15 923	73 495
	18 146 460 $	17 901 069 $	18 315 577 $

Voir les notes explicatives qui accompagnent ces états financiers.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Détails supplémentaires - dépenses, page 2

Exercice clos les 31 mars 2001 et 2000

	2001		2000
	Budget	Actuel	Actuel
Service de maintien:			
Salaires, maintien	111 831 $	91 265 $	114 281 $
Salaires, concierges	775 000	807 171	746 019
Avantages sociaux	130 000	120 289	104 701
Fournitures et matériaux, maintien	110 000	74 219	59 790
Fournitures et matériaux, concierges	120 000	132 044	104 756
Fournitures et matériaux, autres	10 000	11 361	2 984
Loyer	5 000	4 600	234 880
Déplacements et conférences	10 000	22 697	9 521
Primes d'assurances	65 000	53 281	48 437
Services publics, électricité	540 000	489 258	465 929
Services publics, chauffage	225 000	444 967	250 748
Services publics, eau/système d'égoûts	30 000	53 500	30 949
Services publics, téléphone	15 000	15 313	3 841
Dépenses d'exploitation, véhicules	20 000	16 253	6 751
Services à contrat, maintien	300 000	499 695	367 186
Services à contrat, concierges	50 000	100 781	80 637
Autres dépenses	10 000	4 988	5 614
	2 526 831 $	2 941 682 $	2 637 024 $

	Budget	Actuel	Actuel
Transport des élèves:			
Salaires	760 000 $	736 233 $	718 459 $
Avantages sociaux	117 600	94 674	115 595
Véhicules, essence/huile	95 000	139 553	90 573
Véhicules, réparations	90 000	96 439	82 697
Véhicules, frais de permis	15 000	14 076	14 715
Véhicules, primes d'assurances	15 000	10 046	10 553
Véhicules, pneus	20 000	23 213	17 602
Fournitures et matériaux	15 000	4 219	6 403
Téléphone	15 000	10 700	9 209
Maintien/services publics, garages	20 000	20 787	13 606
Entretien, arrêts d'autobus	2 000	5 334	2 572
Déplacements et conférences, personnel	1 000	1 819	589
Transport par contrat	1 195 000	1 368 534	1 193 209
Entraînement sur place	10 000	1 412	2 699
Autres	-	91	241
	2 370 600 $	2 527 130 $	2 278 722

Voir les notes explicatives qui accompagnent ces états financiers.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Détails supplémentaires - dépenses, page 3

Exercice clos le 31 mars 2001 et 2000

	2001				2000	
	Budget		Actuel		Actuel	
Éducation spéciale:						
Salaires, administration	37 749	$	37 475	$	107 239	$
Salaires, instruction	870 000		969 857		872 623	
Salaires, autres	753 000		664 627		640 979	
Avantages sociaux	150 000		119 092		99 919	
Fournitures et matériaux	45 000		22 759		24 348	
Déplacements et conférences	100 000		89 085		63 845	
Autres	3 000		144		1 745	
	1 958 749	$	1 903 039	$	1 810 698	$
Programmes fédéraux:						
Autres	-	$	38 706	$	41 820	$
	-	$	38 706	$	41 820	$
Capital d'exploitation:						
Réparations mineures et infrastructures	106 000	$	378 268	$	125 977	$
Capital d'urgence	-		213 377		21 206	
Meubles et équipement	-		950		43 949	
Transport, autobus	197 400		197 400		180 528	
	303 400	$	789 995	$	371 660	$
Autres:						
Transfert du déficit		$	-	$	178 698	$
		$	-	$	178 698	$

Voir les notes explicatives qui accompagnent ces états financiers.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Notes relatives aux états financiers

Exercice clos le 31 mars 2001 et 2000

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1. **Conventions comptables:**

Ces états financiers ont été préparés sous tous aspects selon les conventions comptables prescrites dans le Nova Scotia District School Board Financial Handbook.

Présentation des états financiers

Les états financiers du Conseil scolaire sont rédigés d'après la méthode comptable par fonds.

Entrée des dépenses

À l'exception des salaires du personnel enseignant, les dépenses sont inscrites d'après la comptabilité d'exercice. Les bons de commande en circulation à la date de l'entrée au bilan sont inscrits d'après la comptabilité d'exercice comme sommes à payer.

Équipement et autobus scolaires

Les propriétés et l'équipement sont inscrits au prix coûtant. L'actif qu'ont reçu les divers conseils scolaires en date du 1 janvier 1982, en vertu de l'entente créant les districts scolaires de la Nouvelle-Écosse, et en date du 9 janvier 1996, selon l'entente créant les conseils scolaires, est traité comme un ajout aux investissements en biens immobiliers. Le Conseil scolaire n'inscrit pas de dépréciation sur ses biens immobiliers.

Allocations de retraite

En vertu des ententes locales avec ses syndicats et ses employés non-syndiqués le conseil scolaire doit payer une allocation de retraite selon une formule determinée au préalable. Les allocations de retraite sont inscrites aux dépenses à mesure qu'elles sont payées. En date du 1 juin 2001, aucune évaluation actuarielle n'a été faite de façon à identifier la responsabilité non consolidée des allocations de retraite.

2. **Terrains, édifices et améliorations:**

D'après l'entente du 1 janvier 1982, tous les terrains et tous les édifices scolaires dont disposaient les municipalités le 31 décembre 1981 demeurent la propriété des municipalités concernées, mais sont administrés par les conseils scolaires tant et aussi longtemps qu'ils les utiliseront à leurs fins. Ensuite, leur contrôle passera de nouveau à la municipalité concernée.

En vertu des améliorations faites aux édifices scolaires, les conseils scolaires se sont portés acquéreurs de biens immobiliers auxquels ils n'ont aucun droit. D'après la Loi scolaire, dès qu'une municipalité vend un édifice qui lui est remis par le district scolaire, en vertu des circonstances énoncées ci-avant, une portion du produit des ventes est due au conseil scolaire. Dans le cas de recouvrement de sommes provenant des assurances, suite à la perte d'un édifice, une portion de cet argent proportionnelle aux améliorations serait également payable au conseil scolaire.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Notes relatives aux états financiers, page 2

Exercice clos le 31 mars 2001 et 2000

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2. Terrains, édifices et améliorations (suite):

En vertu de l'entente créant les conseils scolaires en date du 9 janvier 1996, l'actif en biens immobiliers des anciens districts scolaires, ou du conseil d'école, est transféré aux conseils scolaires et respecte l'entente de 1982.

Les conseils, avec le ministère d'éducation de la Nouvelle-Écosse devront s'entendre sur la division des valeurs d'équité en immobilisations.

3. Plan de pension:

Les enseignants participent à un plan de pension établi par la Province de la Nouvelle-Écosse en vertu de la Teachers' Pension Act. Les employés non syndiqués participent à un plan de pension établi et géré par la Nova Scotia School Board Association.

4. Plan de retraite anticipée:

Le 22 juillet 1994, la Province de la Nouvelle-Ecosse dévoile le Nova Scotia Teachers' Early Retirement (1994-98) Program. Ce programme permet aux enseignants rencontrant les critères d'admissibilité de se retirer à une date antérieure.

Le Ministère d'éducation de la Nouvelle-Écosse débutant avec l'année fiscale 2000 - 2001 assume la dette du plan de retraite anticipée au nom de tous les conseils scolaires.

5. Éventualités:

Des transferts de rapprochement et remboursements de dépenses, depuis le fusionnement demeurent sujet à des négociations finales. Si des régularisations étaient requises, on en rendrait compte dans les états financiers comme une régularisation d'un exercice financier courant.

En date du 31 mars 2001, on n'a pas reçu l'approbation officielle de la Province de la Nouvelle-Écosse pour un montant total de 563 919$.

Des cas juridiques peuvent toujours exiger des réclamations du conseil. Aucun montant n'est prévu dans ces états financiers pour de telles réclamations.

6. Chiffres comparatifs:

Certains chiffres dans la colonne comparative 2000 jont été reclassifiés afin d'accommoder la présentation pour l'année courante.

AUDITORS' REPORT

To the Board of Directors of
District Health Authority 4

We have audited the statement of financial position of the District Health Authority 4 as at March 31, 2001 and the statements of operations, changes in fund balances and cash flows for the three months then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District Health Authority 4 as at March 31, 2001, and the results of its operations, changes in fund balances and cash flows for the three months then ended in accordance with generally accepted accounting principles.

Grant Thornton LLP
Chartered Accountants

Truro, Nova Scotia
June 22, 2001

DISTRICT HEALTH AUTHORITY 4

Statement of Financial Position
March 31, 2001

ASSETS

	Operating Fund	Capital Fund	Total
Current			
Cash and cash equivalents	$ 1,178,521	$ 467,772	$ 1,646,293
Receivables (Note 4)	3,178,451	601,049	3,779,500
Due from operating fund	—	195,907	195,907
Inventories	323,053	—	323,053
Prepaids	119,775	—	119,775
	4,799,800	1,264,728	6,064,528
Other receivables (Note 5)	3,026,239	—	3,026,239
Capital assets (Note 6)	—	16,239,721	16,239,721
	$ 7,826,039	$ 17,504,449	$ 25,330,488

LIABILITIES

	Operating Fund	Capital Fund	Total
Current			
Payables and accruals (Note 7)	$ 4,362,714	$ 1,206,985	$ 5,569,699
Due to capital fund	195,907	—	195,907
Deferred revenue	1,433,348	—	1,433,348
Current portion of obligation under capital lease	—	26,506	26,506
	5,991,969	1,233,491	7,225,460
Employee benefits (Note 8)	1,834,070	—	1,834,070
Obligation under capital lease (Note 9)	—	78,393	78,393
	7,826,039	1,311,884	9,137,923

FUND BALANCES (Page 136)

	Operating Fund	Capital Fund	Total
Restricted (Note 10)	—	104,899	104,899
Unrestricted - investment in capital assets	—	16,087,666	16,087,666
	—	16,192,565	16,192,565
	$ 7,826,039	$ 17,504,449	$ 25,330,488

Commitments (Note 12)

See accompanying notes to the financial statements.

DISTRICT HEALTH AUTHORITY 4

Statement of Operations - Operating Fund
Three Months Ended March 31, 2001

Revenues	
Nova Scotia Department of Health	$ 8,525,511
Charges to M.S.I.	561,878
Department of Veterans Affairs	88,067
In-patients	163,851
Out-patients	80,402
Rental Income	81,722
Investment income	6,460
Food services	48,732
Other income	4,072
	9,560,695
Expenses	
In-patient services	3,398,636
Ambulatory services	1,760,797
Diagnostic and therapeutic services	1,559,414
Support services	1,979,711
Community services	433,952
Early departure and retirement incentives	187,355
Rental expenses	38,205
Education and library	19,240
Increase in vacation pay accrual	125,425
Employee benefits (Note 8)	57,960
	9,560,695
Excess of revenue over expenses	$ —

Statement of Changes in Fund Balances
Three Months Ended March 31, 2001

	Capital Fund	Total
Restricted		
Balance, beginning of period	$ —	$ —
Fund balance of district facilities January 1, 2001 (Note 2)	454,199	454,199
Transfer to unrestricted	(349,300)	(349,300)
Balance, end of period	$ 104,899	$ 104,899
Unrestricted		
Balance, beginning of period	$ —	$ —
Fund balance of district facilities January 1, 2001 (Note 2)	14,521,294	14,521,294
Transfer from restricted	349,300	349,300
Excess of revenues over expenses	38,015	38,015
Capital asset funding		
Department of Health	1,360,919	1,360,919
Foundations	232,808	232,808
Auxiliaries	3,480	3,480
Amortization	(416,104)	(416,104)
Capital debt charges	(2,046)	(2,046)
Balance, end of period	$ 16,087,666	$ 16,087,666

See accompanying notes to the financial statements.

DISTRICT HEALTH AUTHORITY 4

Statement of Cash Flows
Three Months Ended March 31, 2001

Increase (decrease) in cash and cash equivalents		
Operations		
Excess of revenues over expenses - Capital Fund	$	38,015
Change in non-cash working capital		
Receivables		(1,023,672)
Inventories		(7,419)
Prepaids		(14,896)
Payables and accruals		1,716,634
Deferred revenue		(636,001)
		72,661
Financing and investing		
Assets, liabilities and fund balances of district facilities at January 1, 2001		
Assets		(23,128,216)
Liabilities		8,152,723
Fund balances		14,975,493
Capital asset funding		1,597,207
Capital debt charges		(2,046)
Purchase of capital assets		(1,614,002)
Repayment of capital lease		(349,300)
		(368,141)
Net decrease in cash and cash equivalents		(295,480)
Cash and cash equivalents of district facilities, January 1, 2001		1,941,773
Cash and cash equivalents, end of period	$	1,646,293

See accompanying notes to the financial statements.

DISTRICT HEALTH AUTHORITY 4

Notes to the Financial Statements
Three-month period ended March 31, 2001

1. Nature of operations

District Health Authority 4 (operating as the Colchester East Hants Health Authority) operates several health care facilities including Colchester Regional Hospital, Lillian Fraser Memorial Hospital, and related community services.

2. Health Authorities Act

District Health Authority 4 was formed by the Health Authorities Act of the Province of Nova Scotia, as assented to on June 8, 2000. On January 1, 2001, District Health Authority 4 acquired the assets and assumed the liabilities of the former Northern Regional Health Board related to the facilities and community services referred to above.

3. Summary of significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

Use of estimates
The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the amounts recorded in the financial statements. Actual results could differ from these estimates.

Fund accounting
Revenues and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenues and expenses related to the authority's capital assets.

Revenue recognition
District Health Authority 4 follows the deferral method of accounting for non-capital contributions. Restricted contributions are recognized as revenue of the appropriate fund in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured.

Capital contributions are treated as additions to investment in capital assets in the period in which the asset is acquired.

Inventories
Inventories are recorded at the lower of cost and replacement value.

Capital assets
Assets purchased during the period were recorded in the Capital Fund at cost. Amortization is provided on a straight line basis at the following rates:

Buildings	2%
Land improvements	5%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

Amortization on construction in progress is not recorded until the projects are completed.

Compensation accruals
District Health Autority 4 follows the policy of recording in payables and accruals a liability for vacation pay, accumulated overtime and call back.

Employee benefit plans
The authority accrues its employee benefit plan obligations and the related costs, net of plan assets. The authority has adopted the following policies:

- The cost of retirement benefits (allowances) earned by employees is actuarily determined using the projected benefit method prorated on service.
- Defined contribution plan accounting is applied to a multi-employer defined benefit pension plan because the authority does not have sufficient information to apply defined benefit plan accounting.

Cash and cash equivalents
Cash and cash equivalents include cash on hand and balances with banks.

4. Receivables

	Operating Fund	Capital Fund	Total
Charges to M.S.I.	$ 151,769	$ —	$ 151,769
Foundations and auxiliaries	56,937	104,565	161,502
Harmonized sales tax	217,934	209,564	427,498
Patients	192,674	—	192,674
Other	226,472	38,920	265,392
	845,786	353,049	1,198,835
Nova Scotia Department of Health			
Construction and equipment	—	248,000	248,000
Final settlement and other	2,332,665	—	2,332,665
	2,332,665	248,000	2,580,665
	$ 3,178,451	$ 601,049	$ 3,779,500

The resolution of final settlement estimates are dependent upon approval of the Department of Health. An adjustment, if any, on the resolution of these amounts will be accounted for as an adjustment to fund balances in the period in which they occur.

The labour adjustment funding was accrued at 1.9% of salaries. As labour negotiations have not yet been finalized, actual amounts may differ from this estimate included above.

5. Other receivables

	Operating Fund	Total
Nova Scotia Department of Health		
Vacation pay	1,192,169	1,192,169
Employees benefits	1,834,070	1,834,070
	$ 3,026,239	$ 3,026,239

6. Capital Assets

	Cost	Accumulated Amortization	Net Book Value
Land	$ 155,349	$ —	$ 155,349
Land improvements	364,390	209,925	154,465
Buildings	16,050,442	5,636,203	10,414,239
Equipment	9,521,064	4,566,401	4,954,663
Equipment under capital lease	894,012	526,533	367,479
Construction in progress	193,526	—	193,526
	$ 27,178,783	$ 10,939,062	$ 16,239,721

7. Payables and accruals

	Operating Fund	Capital Fund	Total
Trade	$ 2,929,982	$ 1,206,985	$ 4,136,967
Vacation pay	1,432,732	—	1,432,732
	$ 4,362,714	$ 1,206,985	$ 5,569,699

8. Employee benefits

The authority has the following benefit plans:

(i) a multi-employer defined benefit plan, as administered by the Nova Scotia Association of Health Organizations, providing pension benefits to most of its employees, and
(ii) a retirement benefit plan providing retiring allowances to its employees.

The defined benefit plan is accounted for as a defined contribution plan.

The net expense for the authority's benefit plans are as follows:

	Pension Benefit Plan March 31, 2001	Retirement Benefit Plan March 31, 2001
Contributions to a multi-employer plan accounted for as a defined contribution plan, included in program expenses	$ 253,090	
Retiring allowances		$ 57,960

Information about the authority's retirement benefit plan as at March 31, 2001 is as follows:

	Retirement Benefit Plan March 31, 2001
Accrued benefit obligation	$ 1,889,271
Fair value of plan assets	1,834,070
Funded status - plan deficit	$ 55,201
Accrued benefit liability	$ (1,834,070)

A discount rate of 6.56% was used in the actuarial assumptions adopted in measuring the authority's accrued retirement obligation. During the period, retiring allowances paid amount to $7,134.

The most recent projected actuarial valuation of the pension plan with approximately 18,000 members throughout the province showed a surplus of $137,000,000 at December 31, 2000.

9. Obligation under capital lease

The authority leases equipment under a capital lease from Toshiba of Canada Limited.

Future minimum lease payments are as follows:

2002	$	33,475
2003		33,475
2004		33,475
2005		19,526
		119,951
Less: amount representing interest on capital lease at 7.25%		15,052
		104,899
Less: current portion		26,506
	$	78,393

As security, the authority has pledged specific equipment.

10. Restricted fund balance

The Nova Scotia Department of Health provided funding to establish a reserve for the repayment of the capital lease obligation. This reserve is restricted and will be used solely for the repayment of the obligation referred to in Note 9. The balance of the reserve was $104,899 as of March 31, 2001.

11. Credit facilities

On March 29, 2001, the authority entered into a consolidated financing arrangement with a financial institution which provided an available operating line of credit totalling $1,000,000. As of March 31, 2001, there was no borrowing outstanding against the credit facilities.

12. Commitments

District Health Authority 4 is committed to the following operating and occupancy lease payments in each of the next five fiscal years ended March 31:

2002	$	127,189
2003	$	98,817
2004	$	29,104
2005	$	29,104
2006	$	12,127

AUDITORS' REPORT

To the Board of Directors of
District Health Authority 5

We have audited the statement of financial position of the District Health Authority 5 as at March 31, 2001 and the statements of operations, changes in fund balances and cash flows for the three months then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District Health Authority 5 as at March 31, 2001 and the results of its operations, changes in fund balances and cash flows for the three months then ended in accordance with generally accepted accounting principles.

Grant Thornton LLP
Chartered Accountants

Truro, Nova Scotia
June 22, 2001

DISTRICT HEALTH AUTHORITY 5

Statement of Financial Position
March 31, 2001

ASSETS

	Operating Fund	Capital Fund	Endowment Fund	Total
Current				
Cash and cash equivalents	$ 885,898	$ 17,166	$ 53,817	$ 956,881
Receivables (Note 4)	2,193,636	2,928,628	—	5,122,264
Due from capital fund	23,673	—		23,673
Inventories	229,709	—	—	229,709
Prepaids	180,967	—	—	180,967
	3,513,883	2,945,794	53,817	6,513,494
Other receivables (Note 5)	2,336,570	—	—	2,336,570
Capital assets (Note 6)	—	27,208,808	—	27,208,808
	$ 5,850,453	$ 30,154,602	$ 53,817	$ 36,058,872

LIABILITIES

	Operating Fund	Capital Fund	Endowment Fund	Total
Current				
Payables and accruals (Note 7)	$ 3,235,315	$ 2,860,660	$ —	$ 6,095,975
Due to operating fund	—	23,673	—	23,673
Deferred revenue	1,147,882	164,603	—	1,312,485
Current portion of obligation				—
under capital lease	—	3,326	—	3,326
	4,383,197	3,052,262	—	7,435,459
Employee benefits (Note 8)	1,467,256	—	—	1,467,256
Obligation under capital lease (Note 9)	—	9,837	—	9,837
	5,850,453	3,062,099	—	8,912,552

FUND BALANCES (Page 144)

	Operating Fund	Capital Fund	Endowment Fund	Total
Restricted (Note 10)	—	13,163	53,817	66,980
Unrestricted - investment in capital assets	—	27,079,340	—	27,079,340
	—	27,092,503	53,817	27,146,320
			—	
	$ 5,850,453	$ 30,154,602	$ 53,817	$ 36,058,872

Commitments (Note 12)

See accompanying notes to the financial statements.

DISTRICT HEALTH AUTHORITY 5

Statement of Operations - Operating fund
Three Months Ended March 31, 2001

Revenues	
Nova Scotia Department of Health	$ 6,397,118
Charges to M.S.I.	217,496
In-patients	71,077
Out-patients	196,907
Long term care	200,537
Food services	38,895
Investment income	7,087
Other income	16,666
	7,145,783
Expenses	
In-patient services	2,475,776
Ambulatory services	1,194,655
Diagnostic and therapeutic services	1,198,925
Support services	1,951,266
Community services	355,449
Early departure and retirement incentives	28,475
Increase in vacation pay accrual	103,462
Employee benefits (Note 8)	46,368
	7,354,376
	(208,593)
Other revenue - final settlement, Nova Scotia Department of Health	208,593
Excess of revenue over expenses	$ —

Statement of Changes in Fund Balances
Three Months Ended March 31, 2001

	Capital Fund	Endowment Fund	Total
Restricted			
Balance, beginning of period	$ —	$ —	$ —
Fund balance of district facilities January 1, 2001 (Note 2)	13,956	53,150	67,106
Transfer to unrestricted	(793)	—	(793)
Excess of revenues over expenses	—	667	667
Balance, end of period	$ 13,163	$ 53,817	$ 66,980
Unrestricted			
Balance, beginning of period	$ —	$ —	$ —
Fund balance of district facilities January 1, 2001 (Note 2)	24,214,651	—	24,214,651
Transfer to restricted	793	—	793
Capital asset funding			
Department of Health	2,436,037	—	2,436,037
Foundations	683,445	—	683,445
Auxiliaries	18,882	—	18,882
Other	12,934	—	12,934
Amortization	(277,621)	—	(277,621)
Capital debt charges	(9,781)	—	(9,781)
Balance, end of period	$ 27,079,340	$ —	$ 27,079,340

See accompanying notes to the financial statements.

DISTRICT HEALTH AUTHORITY 5

Statement of Cash Flows
Three Months Ended March 31, 2001

Increase (decrease) in cash and cash equivalents		
Operations		
Excess of revenues over expenses - Endowment Fund	$	667
Change in non-cash working capital		
Receivables		(634,416)
Inventories		8,357
Prepaid expenses		(23,273)
Payables and accruals		440,910
Deferred revenue		(351,640)
		(559,395)
Financing and investing		
Assets, liabilities and fund balances of district facilities at January 1, 2001		
Assets		(33,035,791)
Liabilities		8,754,034
Fund balances		24,281,757
Capital asset funding		3,151,298
Interfund transfer - capital asset funding		793
Purchase of capital assets		(2,964,990)
Repayment of long term debt		(793)
Capital debt charges		(9,781)
		176,527
Decrease in restricted funds		(793)
		175,734
Net decrease in cash and cash equivalents		(383,661)
Cash and cash equivalents of district facilities, January 1, 2001		1,340,542
Cash and cash equivalents, end of period	$	956,881

See accompanying notes to the financial statements.

DISTRICT HEALTH AUTHORITY 5

Notes to the Financial Statements
Three-month period ended March 31, 2001

1. Nature of operations

District Health Authority 5 (operating as the Cumberland Health Authority) operates several health care facilities including South Cumberland Community Care Centre, North Cumberland Memorial Hospital, Highland View Regional Hospital, All Saints Springhill Hospital, Bayview Memorial Hospital and related community services.

2. Health Authorities Act

District Health Authority 5 was formed by the Health Authorities Act of the Province of Nova Scotia, as assented to on June 8, 2000. On January 1, 2001, District Health Authority 5 acquired the assets and assumed the liabilities of the former Northern Regional Health Board related to the facilities and community services referred to above.

3. Summary of significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

Use of estimates
The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the amounts recorded in the financial statements. Actual results could differ from these estimates.

Fund Accounting
Revenues and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenues and expenses related to the authority's capital assets. Endowment contributions are reported in the Endowment fund.

Revenue Recognition
District Health Authority 5 follows the deferral method of accounting for non-capital contributions. Restricted contributions are recognized as revenue of the appropriate fund in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured.

Capital contributions are treated as additions to investment in capital assets in the period in which the asset is acquired.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which it is earned.

Inventories
Inventories are recorded at the lower of cost and replacement value.

Capital assets
Assets purchased during the period were recorded in the Capital Fund at cost. Amortization is provided on a straight line basis at the following rates:

Buildings	2%
Land improvements	5%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

Amortization on construction in progress is not recorded until the projects are completed.

Compensation accruals

District Health Autority 5 follows the policy of recording in payables and accruals a liability for vacation pay, accumulated overtime and call back.

Employee benefit plans

The authority accrues its employee benefit plan obligations and the related costs, net plan assets. The authority has adopted the following policies:

- The cost of retirement benefits (allowances) earned by employees is actuarily determined using the projected benefit method prorated on service.
- Defined contribution plan accounting is applied to a multi-employer defined benefit pension plan because the authority does not have sufficient information to apply defined benefit plan accounting.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and various funds held in trust.

4. Receivables

	Operating Fund	Capital Fund	Total
Charges to M.S.I.	$ 71,022	$ —	$ 71,022
Foundations and Auxiliaries	1,666	144,443	146,109
Harmonized sales tax	150,764	478,123	628,887
Patients	430,150	—	430,150
Other	84,994	245,577	330,571
	738,596	868,143	1,606,739
Nova Scotia Department of Health			
Construction and equipment	—	2,060,485	2,060,485
Final settlement and other	1,455,040	—	1,455,040
	1,455,040	2,060,485	3,515,525
	$ 2,193,636	$ 2,928,628	$ 5,122,264

The resolution of final settlement estimates are dependent upon approval of the Department of Health. An adjustment, if any, on the resolution of these amounts will be accounted for as an adjustment to fund balances in the period in which they occur.

The labour adjustment funding was accrued at 1.9% of salaries. As labour negotiations have not yet been finalized, actual amounts may differ from this estimate included above.

5. Other receivables

	Operating Fund	Total
Nova Scotia Department of Health		
Vacation pay	819,314	819,314
Employees benefits	1,467,256	1,467,256
Other	50,000	50,000
	$ 2,336,570	$ 2,336,570

6. Capital Assets

	Cost	Accumulated Amortization	Net Book Value
Land	$ 35,945	$ —	$ 35,945
Land improvements	189,589	57,047	132,542
Buildings	18,901,022	4,916,783	13,984,239
Equipment	5,052,605	2,194,456	2,858,149
Equipment under capital lease	83,522	55,424	28,098
Construction in progress	10,169,835	—	10,169,835
	$ 34,432,518	$ 7,223,710	$ 27,208,808

7. Payables and accruals

	Operating Fund	Capital Fund	Total
Trade	$ 2,148,480	$ 2,257,562	$ 4,406,042
Foundation	—	603,098	603,098
Vacation pay	1,086,835	—	1,086,835
	$ 3,235,315	$ 2,860,660	$ 6,095,975

8. Employee benefits

The authority has the following benefit plans:

(i) a multi-employer defined plan providing pension benefits to most of its employees, and
(ii) a retirement benefit plan providing retiring allowances to its employees.

The defined benefit plan is accounted for as a defined contribution plan.

The net expense for the authority's benefit plans are as follows:

	Pension Benefit Plan March 31, 2001	Retirement Benefit Plan March 31, 2001
Contributions to a multi-employer plan accounted for as a defined contribution plan, included in program expenses	$ 201,180	
Retiring allowances		$ 46,368

Information about the authority's retirement benefit plan as at March 31, 2001 is as follows:

	Retirement Benefit Plan March 31, 2001
Accrued benefit obligation	$ 1,508,425
Fair value of plan assets	—
Funded status - plan deficit	$ (1,508,425)
Accrued benefit liability	$ (1,467,256)

A discount rate of 6.56% was used in the actuarial assumptions adopted in measuring the authority's accrued retirement obligation. During the period, retiring allowances paid amount to $8,699.

The most recent projected actuarial valuation of the multi-employer pension plan showed a surplus of $137,000,000 at December 31, 2000.

9. Obligation under capital lease

The authority leases equipment under a capital lease from Toshiba Canada Limited.

Future minimum lease payments are as follows:

2002	$	4,200
2003		4,200
2004		4,200
2005		2,450
		15,050
Less: amount representing interest on capital lease at 7.25%		1,887
		13,163
Less: current portion		3,326
	$	9,837

As security, the authority has pledged specific equipment.

10. Restricted fund balance

The Nova Scotia Department of Health provided funding to establish a reserve for the repayment of the capital lease obligation. This reserve is restricted and will be used solely for the repayment of the obligation referred to in Note 9. The balance of the reserve was $13,163 as of March 31, 2001.

11. Credit facilities

On March 29, 2001, the authority entered into a consolidated financing arrangement with a financial institution which provided an available operating line of credit totalling $1,000,000. As of March 31, 2001, there was no borrowing outstanding against the credit facilities.

12. Commitments

a) District Health Authority 5 is committed to the following operating and occupancy lease payments in each of the next five fiscal years ended March 31:

2002	$	250,768
2003	$	250,249
2004	$	214,350
2005	$	144,616
2006	$	132,565

b) District Health Authority 5 has entered into agreements to spend $25,905,075 on additions to property and equipment.

AUDITORS' REPORT

To the Board of Directors of
District Health Authority 6

We have audited the statement of financial position of the District Health Authority 6 as at March 31, 2001 and the statements of operations, changes in fund balances and cash flows for the three months then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District Health Authority 6 as at March 31, 2001 and the results of its operations, changes in fund balances and cash flows for the three months then ended in accordance with generally accepted accounting principles.

Grant Thornton LLP
Chartered Accountants

Truro, Nova Scotia
June 22, 2001

DISTRICT HEALTH AUTHORITY 6

Statement of Financial Position
March 31, 2001

ASSETS

	Operating Fund	Capital Fund	Endowment Fund	Total
Current				
Cash and cash equivalents	$ 1,890,539	$ 162,322	$ 342,139	$ 2,395,000
Receivables (Note 4)	2,777,404	1,374,353	—	4,151,757
Due from other funds	30,465	—	103,158	133,623
Inventories	293,199	—	—	293,199
Prepaids	116,069	—	—	116,069
	5,107,676	1,536,675	445,297	7,089,648
Other receivables (Note 5)	3,531,760	—	—	3,531,760
Capital assets (Note 6)	—	42,506,418	—	42,506,418
	$ 8,639,436	$ 44,043,093	$ 445,297	$ 53,127,826

LIABILITIES

	Operating Fund	Capital Fund	Endowment Fund	Total
Current				
Payables and accruals (Note 7)	$ 5,058,576	$ 761,210	$ —	$ 5,819,786
Due to other funds	103,158	30,465	—	133,623
Deferred revenue	1,538,828	562,768	—	2,101,596
Current portion of obligations				—
under capital lease	—	64,866	—	64,866
Current portion of long				—
term debt	—	20,292	—	20,292
	6,700,562	1,439,601	—	8,140,163
Employee benefits (Note 8)	1,938,874	—	—	1,938,874
Obligation under capital lease (Note 9)	—	48,964	—	48,964
Long term debt (Note 10)	—	123,044	—	123,044
	8,639,436	1,611,609	—	10,251,045

FUND BALANCES (Page 152)

	Operating Fund	Capital Fund	Endowment Fund	Total
Restricted (Note 11)	—	113,830	306,017	419,847
Unrestricted	—	—	139,280	139,280
Investment in capital assets	—	42,317,654	—	42,317,654
	—	42,431,484	445,297	42,876,781
			—	
	$ 8,639,436	$ 44,043,093	$ 445,297	$ 53,127,826

Commitments (Note 13)

See accompanying notes to the financial statements.

DISTRICT HEALTH AUTHORITY 6

Statement of Operations - Operating Fund
Three Months Ended March 31, 2001

Revenues	
Nova Scotia Department of Health	$ 8,710,462
Charges to M.S.I.	269,266
Department of Veterans Affairs	371,748
In-patients	214,272
Out-patients	43,633
Rental income	144,092
Investment income	14,593
Other income	17,530
	9,785,596
Expenses	
In-patient services	3,535,422
Ambulatory services	1,710,789
Diagnostic and therapeutic services	1,535,393
Support services	2,260,256
Community services	437,075
Early departure and retirement incentives	78,589
Rental expenses	57,840
Education and library	32,575
Increase in vacation pay accrual	76,385
Employee benefits (Note 8)	61,272
	9,785,596
Excess of revenue over expenses	$ —

Statement of Changes in Fund Balances
Three Months Ended March 31, 2001

	Capital Fund	Endowment Fund	Total
Restricted			
Balance, beginning of period	$ —	$ —	$ —
Fund balance of district facilities as at January 1, 2001 (Note 2)	135,173	301,714	436,887
Excess of revenues over expenses	—	3,474	3,474
Transfer to unrestricted (Note 9)	(21,343)	—	(21,343)
Contributions	—	829	829
Balance, end of period	$ 113,830	$ 306,017	$ 419,847
Unrestricted			
Balance, beginning of period	$ —	$ —	$ —
Fund balance of district facilities as at January 1, 2001 (Note 2)	42,209,712	129,722	42,339,434
Transfer from restricted	21,343	—	21,343
Excess of revenues over expenses	1,800	1,796	3,596
Capital asset funding			
Department of Health	130,079	—	130,079
Foundations	520,108	—	520,108
Auxiliaries	(4,780)	—	(4,780)
Contributions	—	7,762	7,762
Amortization	(557,413)	—	(557,413)
Capital debt charges	(3,195)	—	(3,195)
Balance, end of period	$ 42,317,654	$ 139,280	$ 42,456,934

See accompanying notes to the financial statements.

DISTRICT HEALTH AUTHORITY 6

Statement of Cash Flows
Three Months Ended March 31, 2001

Increase (decrease) in cash and cash equivalents		
Operations		
Excess of revenues over expenses - Capital Fund	$	1,800
Excess of revenues over expenses - Endowment Fund		5,270
Contributions - Endowment Fund		8,591
		15,661
Change in non-cash working capital		
Receivables		(471,042)
Inventories		25,090
Prepaid expenses		(39,168)
Payables and accruals		1.446.439
Deferred revenue		(162,046)
		814,934
Financing and investing		
Assets, liabilities and fund balances of district Facilities at January 1, 2001		
Assets		(51,569,420)
Liabilities		8,793,099
Fund balances		42,776,321
Capital asset funding		645,407
Interfund transfer - capital asset funding		21,343
Purchase of capital assets		(656,204)
Repayment long term debt		(21,343)
Capital debt charges		(3,195)
		(13,992)
Decrease in restricted funds		(21,343)
		(35,335)
Net increase in cash and cash equivalents		779.599
Cash and cash equivalents of district facilities, January 1, 2001		1,615,401
Cash and cash equivalents, end of period	$	2,395,000

See accompanying notes to the financial statements.

DISTRICT HEALTH AUTHORITY 6

Notes to the Financial Statements
Three-month period ended March 31, 2001

1. Nature of operations

District Health Authority 6 (operating as the Pictou County District Health Authority) operated several health care facilities including Aberdeen Regional Hospital, Sutherland Harris Memorial Hospital and related community services.

2. Health Authorities Act

District Health Authority 6 was formed by the Health Authorities Act of the Province of Nova Scotia, as assented to on June 8, 2000. On January 1, 2001, District Health Authority 6 acquired the assets and assumed the liabilities of the former Northern Regional Health Board related to the facilities and community services referred to above.

3. Summary of significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

Use of estimates
The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the amounts recorded in the financial statements. Actual results could differ from these estimates.

Fund accounting
Revenues and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenues and expenses related to the authority's capital assets. Endowment contributions are reported in the Endowment fund.

Revenue recognition
District Health Authority 6 follows the deferral method of accounting for non-capital contributions. Restricted contributions are recognized as revenue of the appropriate fund in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured.

Capital contributions are treated as additions to investment in capital assets in the period in which the asset is acquired.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which it is earned.

Inventories
Inventories are recorded at the lower of cost and replacement value.

Capital assets
Assets purchased during the period were recorded in the Capital Fund at cost. Amortization is provided on a straight line basis at the following rates:

Buildings	2%
Land improvements	5%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

Amortization on construction in progress is not recorded until the projects are completed.

Compensation accruals

District Health Authority 6 follows the policy of recording in payables and accruals a liability for vacation pay, accumulated overtime and call back.

Employee benefit plans

The authority accrues its employee benefit plan obligations and the related costs, net of plan assets. The authority has adopted the following policies:

- The cost of retirement benefits (allowances) earned by employees is actuarialy determined using the projected benefit method prorated on service.
- Defined contribution plan accounting is applied to a multi-employer defined benefit pension plan because the authority does not have sufficient information to apply defined benefit plan accounting.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and various funds held in trust.

4. Receivables

	Operating Fund	Capital Fund	Total
Charges to M.S.I.	$ 57,816	$ —	$ 57,816
Foundations and Auxiliaries	23,943	791,720	815,663
Harmonized sales tax	220,367	125,888	346,255
Patients	206,935	—	206,935
Other	273,987	—	273,987
	783,048	917,608	1,700,656
Nova Scotia Department of Health			
Construction and equipment	—	456,745	456,745
Final settlement and other	1,994,356	—	1,994,356
	1,994,356	456,745	2,451,101
	$ 2,777,404	$ 1,374,353	$ 4,151,757

The resolution of final settlement estimates are dependent upon approval of the Department of Health. An adjustment, if any, on the resolution of these amounts will be accounted for as an adjustment to fund balances in the period in which they occur.

The labour adjustment funding was accrued at 1.9% of salaries. As labour negotiations have not yet been finalized, actual amounts may differ from this estimate included above.

5. Other receivables

	Operating Fund	Total
Nova Scotia Department of Health		
Vacation pay	1,592,886	1,592,886
Employee benefits	1,938,874	1,938,874
	$ 3,531,760	$ 3,531,760

6. Capital Assets

	Cost	Accumulated Amortization	Net Book Value
Land	$ 32,378	$ —	$ 32,378
Land improvements	393,549	57,358	336,191
Buildings	49,185,183	11,498,837	37,686,346
Equipment	8,756,408	4,552,524	4,203,884
Equipment under capital lease	615,756	369,185	246,571
Construction in progress	1,048	—	1,048
	$ 58,984,322	$ 16,477,904	$ 42,506,418

The Aberdeen Hospital Foundation has registered a chattel mortgage on specific equipment donated to the former Aberdeen Hospital Commission. The agreement specifies certain restrictions on the use and disposition of this equipment. If the equipment is not used in accordance with the agreement, the greater of net book value of $408,354 (a predetermined amount) or fair market value is to be repaid to the foundation on a item by item basis.

7. Payables and accruals

	Operating Fund	Capital Fund	Total
Trade	$ 3,267,648	$ 748,845	$ 4,016,493
Department of Veteran Affairs - final settlement	—	12,365	12,365
Vacation pay	1,790,928	—	1,790,928
	$ 5,058,576	$ 761,210	$ 5,819,786

8. Employee benefits

The authority has the following benefit plans:

(i) a multi-employer defined benefit plan providing pension benefits to most of its employees, and
(ii) a retirement benefit plan providing retiring allowances to its employees.

The defined benefit plan is accounted for as a defined contribution plan.

The net expense for the authority's benefit plans are as follows:

	Pension Benefit Plan March 31, 2001	Retirement Benefit Plan March 31, 2001
Contributions to a multi-employer plan accounted for as a defined contribution plan, included in program expenses	$ 245,849	
Retiring allowances		$ 61,272

Information about the authority's retirement benefit plan as at March 31, 2001 is as follows:

	Retirement Benefit Plan March 31, 2001
Accrued benefit obligation	$ 1,978,170
Fair value of plan assets	1,938,874
Funded status - plan deficit	$ (39,296)
Accrued benefit liability	$ 1,938,874

A discount rate of 6.56% was used in the actuarial assumptions adopted in measuring the authority's accrued retirement obligation. *During the period, retiring allowances paid amount to $26,601.*

The most recent projected actuarial valuation of the multi-employer pension plan showed a surplus at December 31, 2000.

9. Obligations under capital lease

The authority leases equipment under a capital lease from Toshiba Canada Limited and TeleHealth Services.

Future minimum lease payments are as follows:

2002	$	70,967
2003		20,908
2004		20,908
2005		12,197
		124,980
Less: amount representing interest on capital leases at varying rates of 7.25 - 10.0%		11,150
		113,830
Less: current portion		64,866
	$	48,964

As security, the authority has pledged specific equipment.

10. Long term debt

6.5% loan, payable in equal annual payments of $29,609 including interest, maturing in 2006	$	143,336
Less: current portion		20,292
	$	123,044

11. Restricted fund balance

The Nova Scotia Department of Health provided funding to establish a reserve for repayment of the capital lease obligations. This reserve is restricted and will be used solely for the repayment of capital lease obligations as referred to in Note 9. The balance of the reserve was $113,830 as of March 31, 2001.

12. Credit facilities

On March 29, 2001, the authority entered into a consolidated financing arrangement with a financial institution which provided an available operating line of credit totalling $1,000,000. As of March 31, 2001, there was no borrowing outstanding against the credit facilities.

13. Commitments

District Health Authority 6 is committed to the following payments for operating leases in each of the next two fiscal periods ended March 31:

2002	$	20,467
2003	$	19,908

AUDITORS' REPORT

To the Chairperson and Members of the Board of
Eastern Regional Health Board

We have audited the statement of financial position of Eastern Regional Health Board as at March 31, 2001 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Sydney, Canada
June 22, 2001

EASTERN REGIONAL HEALTH BOARD

Statement of Financial Position

ASSETS

	March 31, 2001	December 31, 2000	March 31, 2000
Current assets:			
Cash and short-term investments	$ —	$ 1,455,709	$ 4,670,521
Marketable securities restricted for other deferred contributions	—	—	439,068
Accounts receivable (note 2)	—	5,470,047	6,245,532
Inventories (note 3)	—	705,652	723,640
Prepaid expenses	—	284,079	178,552
	—	7,915,487	12,257,313
Capital assets (note 4):			
Cost	—	90,064,118	89,405,932
Less accumulated amortization	—	40,061,490	37,291,054
		50,002,628	52,114,878
Other assets (note 5):			
Due from Department of Health for retirement allowance	—	3,754,725	—
	$ —	$ 61,672,840	$ 64,372,191

LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS (DEFICIENCY)

	March 31, 2001	December 31, 2000	March 31, 2000
Current liabilities:			
Accounts payable and accrued liabilities (note 6)	$ —	$ 7,086,247	$ 9,185,437
Deferred revenue	—	139,480	2,104,610
	—	7,225,727	11,290,047
Deferred contributions for capital assets (note 7)	—	49,710,812	51,664,029
Other deferred contributions (note 8)	—	—	439,068
Other liabilities:			
Retirement allowance (note 5)	—	3,754,725	4,368,408
Net assets (deficiency):			
Unrestricted	—	—	(4,368,408)
Invested in capital assets (note 9)	—	790,875	794,375
Internally restricted	—	190,701	184,672
	—	981,576	(3,389,361)
	$ —	$ 61,672,840	$ 64,372,191

Contingencies (note 13)

See accompanying notes to financial statements.

EASTERN REGIONAL HEALTH BOARD

Statement of Operations

Year ended March 31, 2001, with comparative figures for 2000

	2001	2000
Revenue:		
Department of Health	$ 37,508,704	$ 50,521,404
Net patient income	2,000,442	2,742,465
Dietary recoveries	446,858	615,067
Housing recoveries	17,170	27,370
Recoveries - maintenance services	22,454	35,404
Rentals	105,534	178,214
Miscellaneous	145,315	210,852
Investment income	58,757	41,697
Laundry recoveries	153,022	185,482
Level III recoveries	611,814	824,443
	41,070,070	55,382,398
Expenses:		
Nursing services	14,774,869	19,740,038
Support services	7,633,330	10,329,441
Diagnostic and therapeutic	6,083,800	8,036,273
Administration services	3,250,070	4,597,173
Medical services	291,132	612,203
Non-portable programs	7,592,461	10,692,843
Level III emergency services	612,388	824,443
Capital debt assistance	36,400	36,326
Vacation pay	—	513,658
Contract settlement costs	611,863	—
Department of Health final settlement adjustment	183,757	—
	41,070,070	55,382,398
Excess of revenue over expenditure before below noted items	—	—
Restricted investment revenue	6,029	—
Amortization of capital grants	2,770,436	3,283,844
Amortization of capital assets	(2,770,436)	(3,283,844)
Loss of disposal of capital assets	(3,500)	
Retirement allowance (note 5)	(329,025)	—
Department of Health funding for retirement allowance (note 5)	329,025	
Gain on funding for and quantification of retirement allowance (note 5)	4,368,408	
	4,370,937	—
Excess of revenue over expenditure	$ 4,370,937	$ —

EASTERN REGIONAL HEALTH BOARD

Statement of Changes in Net Assets
Year ended March 31, 2001, with comparative figures for 2000

	Unrestricted	Investment in capital assets	Internally restricted	2001 Total	2000 Total
Balance, beginning of year.	$ (4,368,408)	$ 794,375	$ 184,672	$ (3,389,361)	$ (3,389,361)
Excess of revenue over expenditure	4,368,408	(3,500)	6,029	4,370,937	—
Balance at December 31, 2000 prior to distributions.....	—	790,875	190,701	981,576	(3,389,361)
Distribution of net assets to successor entities (note 11):					
Guysborough Antigonish Strait Health Authority.	—	(581,852)	(190,701)	(772,553)	—
District Health Authority #8	—	(209,023)	—	(209,023)	—
Balance, end of year	$ —	$ —	$ —	$ —	$ (3,389,361)

See accompanying notes to financial statements.

EASTERN REGIONAL HEALTH BOARD

Statement of Cash Flows

Year ended March 31, 2001, with comparative figures for 2000

	2001	2000
Cash provided by (used for):		
Operations:		
Excess of revenue over expenditure	$ 4,370,937	$ —
Items not involving cash:		
Amortization of capital assets	2,770,436	3,283,844
Amortization of deferred contributions for capital assets	(2,770,436)	(3,283,844)
Loss of disposal of capital assets	3,500	
Gain on funding for and quantification of retirement allowance	(4,368,408)	
Increase in retirement allowance	329,025	
Increase in Department of Health payable for retirement allowance	(329,025)	—
	6,029	—
Changes in non-cash operating working capital:		
Decrease in accounts receivable	775,485	3,283,011
Decrease (increase) in inventories	17,988	(57,734)
Decrease (increase) in prepaid expenses	(105,527)	575,831
Increase (decrease) in accounts payable and accrued liabilities	(2,099,190)	221,744
Increase (decrease) in deferred revenues	(1,965,130)	103,780
	(3,370,345)	4,126,632
Financing and investing activities:		
Additions to capital assets	(661,686)	(6,256,488)
Additions to deferred contributions for capital assets	817,219	6,600,014
Increase in (return of) other deferred contributions	(439,068)	439,068
	(283,535)	782,594
Other:		
Distribution of cash to successor entities	(1,455,709)	—
Increase (decrease) in cash	(5,109,589)	4,909,226
Cash, beginning of year	5,109,589	200,363
Cash, end of year	$ —	$ 5,109,589
Represented by:		
Cash and short term investments	$ —	$ 4,670,521
Marketable securities	—	439,068
	$ —	$ 5,109,589

See accompanying notes to financial statements.

EASTERN REGIONAL HEALTH BOARD

Notes to Financial Statements
Year ended March 31, 2001

On June 30, 1994 an Act to Establish Regional Health Boards was assented to by the Lieutenant Governor. Pursuant to Section 11 of Chapter 12 of the Act of 1994, a body corporate was constituted in the regulations. The Board commenced operations in December, 1994. On November 1, 1996 the following hospitals were designated under the Eastern Regional Health Board; Strait Richmond Hospital, Eastern Memorial Hospital, Buchanan Memorial Hospital, Guysborough Memorial Hospital, Inverness Consolidated Memorial Hospital, St. Martha's Regional Hospital, St. Mary's Memorial Hospital and Victoria County Memorial Hospital. On January 1, 1997 Sacred Heart Hospital was designated under the Regional Health Board. On April 1, 1997 Addiction Services and Public Health were designated under the Regional Health Board.

The Board's principal activity is to operate and manage designated hospitals and other health related activities within the Eastern Region of Nova Scotia.

On June 8, 2000, Bill #34 - The Health Authorities Act, received Royal Assent. This legislation abolished regional health boards and replaced them with district health authorities. The effects on the former Eastern Regional Health Board were as follows: St. Martha's Regional Hospital, Strait Richmond Hospital, Guysborough Memorial Hospital, Eastern Memorial Hospital and St. Mary's Memorial Hospital formed DHA #7 and Inverness Consolidated Memorial Hospital, Sacred Heart Healthcare Centre, Victoria County Memorial Hospital and Buchanan Memorial Healthcare Centre joined with the Cape Breton Healthcare Centre to form DHA #8. As a result of this legislation, the Eastern Regional Health Board ceased operations effective December 31, 2000. All assets and liabilities of the former Eastern Regional Health Board were transferred to the appropriate District Health Authority resulting in no assets or liabilities at March 31, 2001.

1. Significant accounting policies:

(a) Revenue recognition:

The Board follows the deferral method of accounting for contributions which include donations and government grants.

The Board is funded primarily by the Province of Nova Scotia in accordance with budget arrangements established by the Department of Health (Department). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the purchase of capital assets are deferred and amortized on a straight-line basis, at a rate corresponding with the depreciation rate for the related capital asset.

Investment income (restricted and unrestricted) is recognized as revenue when earned.

(b) Inventories:

Inventories are valued at cost.

(c) Marketable securities:

Marketable securities are valued at the lower of cost and market value.

(d) Restricted:

Funds donated by outside agencies or individuals which have been designated for a specific purpose have been restricted.

(e) Capital assets:

Capital assets are stated at cost.

Capital assets are amortized on the straight-line basis using the following annual rates:

Asset	Rates
Building and land improvements	2.5%, 4%
Major equipment	5%, 6.67%, 10%, 20%

2. Accounts receivable:

	March 31, 2001	December 31, 2000	March 31, 2000
Patient services	$ —	$ 784,627	$ 1,058,160
Department of Health (note 10):			
Final settlement	—	297,868	655,156
New facility construction	—	—	899,836
Vacation liability	—	1,867,352	1,866,458
Addiction services	—	58,847	58,847
TSP program	—	557,865	—
Contract settlement costs	—	611,863	—
Hospital Foundations (note 12)	—	1,022,535	1,052,612
Veterans	—	26,311	26,311
Harmonized Sales Tax	—	218,592	386,377
Sundry	—	24,187	241,775
	$ —	$ 5,470,047	$ 6,245,532

3. Inventories:

	March 31, 2001	December 31, 2000	March 31, 2000
Medical and surgical	$ —	$ 180,041	$ 187,628
Drugs	—	357,068	341,032
Intravenous	—	5,921	9,393
Maintenance	—	18,287	22,962
Food	—	10,500	10,500
General	—	133,835	152,125
	$ —	$ 705,652	$ 723,640

4. **Capital assets:**

	Net Book Value		
	March 31, 2001	December 31, 2000	March 31, 2000
Land	$ —	$ 790,876	$ 794,375
Building and land improvements	—	44,210,723	36,135,902
Equipment	—	5,001,029	4,667,327
Work in progress	—	—	10,517,274
	$ —	$ 50,002,628	$ 52,114,878

5. **Retirement allowance:**

During the year the Department of Health requested that Nova Scotia Regional Health Boards recognize in their financial statements both the liability for retiring allowances and the related commitment by the Department of Health to fund same.

To promote consistency amongst Boards the Department engaged consulting actuaries to quantify for each Regional Board the retiring allowance liability and expense for years up to March 31, 2000 along with a projection of the expense and liability for the fiscal year ended March 31, 2001.

In compliance with the Department's request the Eastern Regional Health Board, in the current fiscal period has recorded a net gain of $4,368,408 in respect of retiring allowances accrued up to March 31, 2000 which gain comprises the following:

• funding receivable from the Department for the actuarily determined liability at March 31, 2000 of	$ 3,425,700
• adjustment to reduce the previously estimated liability at March 31, 2000 of 4,368,408 to the actuarily determined liability of $3,425,700	942,708
	$ 4,368,408

In addition, the Board has included in revenue from the Department of Health an additional receivable of $329,025 to match the retiring allowance expense computed with reference to the actuarial projection of expense for the year.

6. **Accounts payable and accrued liabilities:**

	March 31, 2001	December 31, 2000	March 31, 2000
Accounts payable and accrued liabilities	$ —	$ 2,892,514	$ 4,532,089
Accrued payroll:			
Salaries	—	549,100	1,164,533
Vacation pay	—	2,043,918	2,380,116
Retroactive salary adjustment	—	—	83,405
Contract settlement costs	—	611,863	—
Department of Health new hospital construction (note 10)	—	938,749	938,749
Due to hospital foundations (note 12)	—	1,017	7,830
Equipment payable	—	49,086	78,715
	$ —	$ 7,086,247	$ 9,185,437

7. **Deferred contributions related to capital assets:**

Deferred contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations. The changes in the deferred contributions balance during the year are as follows:

	March 31, 2001	December 31, 2000	March 31, 2000
Balance, beginning of period	$ 49,710,812	$ 51,664,029	$ 48,347,859
Additional contributions received	—	817,219	6,600,014
Amounts amortized to revenue	—	(2,770,436)	(3,283,844)
Distributed to successor entities	(49,710,812)	—	—
Balance, end of period	$ —	$ 49,710,812	$ 51,664,029

The balance of unamortized capital contributions related to capital assets consists of the following:

	March 31, 2001	December 31, 2000	March 31, 2000
Unamortized capital contributions used to purchase assets	$ —	$ 49,211,753	$ 51,320,503
Unspent contributions	—	499,059	343,526
Balance, end of period	$ —	$ 49,710,812	$ 51,664,029

8. **Other deferred contributions:**

A bequest to St. Martha's Regional Hospital in the form of marketable securities was received during the fiscal year ended March 31, 2000 and returned to the control of the Hospital Foundation during the fiscal year ended March 31, 2001.

9. **Invested in capital assets:**

a) Investment in capital assets is calculated as follows:

	March 31, 2001	December 31, 2000	March 31, 2000
Capital assets	$ —	$ 50,002,628	$ 52,114,878
Amounts financed by:			
Deferred contributions	—	49,211,753	51,320,503
	$ —	$ 790,875	$ 794,375

b) Changes in net assets invested in capital assets is calculated as follows:

	March 31, 2001	December 31, 2000	March 31, 2000
Excess of expenses over revenue:			
Amortization of deferred contributions related to capital assets	$ —	$ 2,770,436	$ 3,283,844
Amortization of capital assets	—	(2,770,436)	(3,283,844)
Loss on disposal of capital assets	—	(3,500)	—
	$ —	$ (3,500)	$ —

	March 31, 2001	December 31, 2000	March 31, 2000
Net change in investment in capital assets:			
Capital assets acquired	$ —	$ 661,686	$ 6,256,488
Amounts funded by:			
Deferred contributions	—	(661,686)	(6,256,488)
Net capital assets distributed to successor entities	(790,875)	—	—
	$ (790,875)	$ —	$ —

10. Accounts with the Department of Health:

The Regional Health board has the following accounts with the Department of Health:

	March 31, 2001	December 31, 2000	March 31, 2000
Accounts receivable:			
Final settlements (note 2)	$ —	$ 297,868	$ 655,156
New facility construction (note 2)	—	—	899,836
Vacation liability (note 2)	—	1,867,352	1,866,456
Addition services (note 2)	—	58,847	58,847
TSP Program (note 2)	—	557,865	—
Contract settlement costs (note 2)	—	611,863	—
Retirement allowance (note 5)	—	3,754,725	—
	$ —	$ 7,148,520	$ 3,480,295

Collectibility of the estimated receivable is dependent on obtaining approval for certain expenditures.

The adjustment, if any, on the ultimate settlement of the above amounts will be accounted for as a charge to or credit against income in the period in which settlement occurs.

	March 31, 2001	December 31, 2000	March 31, 2000
Payable re hospital construction (note 6)	$ —	$ 938,749	$ 938,749

11. Transfer of assets on dissolution:

As a result of dissolution, the Eastern Regional Health Board has distributed its net assets (consisting of deferred contributions) to the Guysborough Antigonish Strait Health Authority (District Health Authority #7) and the Cape Breton District Health Authority (District Health Authority #8) as follows:

	Balance December 31, 2000	Distribution to DHA#7	Distribution to DHA#8
Assets distributed:			
Cash and short-term investments	$ 1,455,709	$ 1,231,725	$ 223,984
Accounts receivable	5,470,047	3,450,212	2,019,835
Inventories	705,652	442,335	263,317
Prepaid expenses	284,079	194,810	89,269
Capital assets	50,002,628	30,618,053	19,384,575
Other receivable - retirement allowance	3,754,725	2,638,804	1,115,921
Inter authority accounts	—	(338,845)	338,845
	61,672,840	38,237,094	23,435,746
Less liabilities assumed:			
Accounts payable and accrued liabilities	7,086,247	4,651,089	2,435,158
Deferred revenue	139,480	79,046	60,434
Deferred contributions for capital assets	49,710,812	30,095,602	19,615,210
Other liability - retirement allowance	3,754,725	2,638,804	1,115,921
	60,691,264	37,464,541	23,226,723
Net assets distributed	$ 981,576	$ 772,553	$ 209,023
Consisting of:			
Investment in capital assets	$ 790,875	$ 581,852	$ 209,023
Internally restricted	190,701	190,701	—
	$ 981,576	$ 772,553	$ 209,023

12. Related party transactions:

The Hospital is related to the St. Martha's Regional Hospital Foundation, Guysborough Memorial Hospital Foundation, Strait Richmond Hospital Charitable Foundation, St. Mary's Memorial Hospital Society, Buchanan Memorial Hospital Foundation, Sacred Heart Hospital Foundation, Victoria County Memorial Hospital Charitable Foundation and Inverness Consolidated Memorial Hospital Foundation. The Foundations' primary purposes are to raise funds to assist in the construction of and the supply of certain equipment for the Hospitals.

The following amounts were due from or to the Foundations as at the dates indicated:

	March 31, 2001	December 31, 2000	March 31, 2000
Due from Hospital Foundations:			
Sacred Heart Hospital Foundation	$ —	$ 80,000	$ 97,807
Buchanan Memorial Hospital Foundation	—	880,077	938,749
Guysborough Memorial Hospital Foundation	—	1,130	1,130
St. Mary's Memorial Hospital Society	—	14,927	14,926
Inverness Consolidated Memorial Hospital Foundation	—	46,401	—
	$ —	$ 1,022,535	$ 1,052,612
Due to Hospital Foundation:			
Strait Richmond Hospital Charitable Foundation	$ —	$ 1,017	$ 7,830

During the year the following amounts were received from the Foundations to purchase equipment:

	Nine months ended December 31, 2001	Year ended March 31, 2000
Strait Richmond Hospital Charitable Foundation	$ 4,995	$ 43,841
St. Martha's Regional Hospital Foundation	140,958	302,261
Inverness Consolidated Memorial Hospital Foundation	112,345	50,715
Inverness Consolidated Memorial Hospital Auxiliary	—	11,224
Guysborough Memorial Hospital Foundation	41,305	43,145
St. Mary's Memorial Hospital Society	40,545	—
Victoria County Memorial Hospital Foundation	23,520	2,976
Victoria County Memorial Hospital Auxiliary	—	600
Strait Richmond Hospital Auxiliary	1,026	2,398
Guysborough Memorial Hospital Auxiliary	—	15,058
St. Mary's Memorial Hospital Foundation	—	15,979
Inverness Consolidated Memorial Hospital Hospice Society	1,511	577
Sacred Heart Hospital Auxiliary	—	6,455
Victoria County Memorial Hospital Hospice Society	—	17,059
Buchanan Memorial Hospital Auxiliary	3,350	497
Eastern Memorial Hospital Foundation	16,833	—
	$ 386,388	$ 512,785

13 Contingencies:

a) Law Suit:

The Health Board has been named a defendant in two lawsuits; one related to a wrongful death and one for personal injury.

The outcome of the matters is not determinable and settlement, if any, will be accounted for as a charge to operations in the period of settlement.

Management is of the opinion that the Province of Nova Scotia, Department of Health will provide the necessary funding to meet obligations, if any, which may result from the legal actions.

b) Funds required to settle labour dispute:

The financial statements contain an accruel for the expected cost of contract settlement with the Nova Scotia Nurses Union in respect of retroactive amounts owing from November 1 to March 31, 2001. The estimate was based on the tentative agreement that had been reached with the NSNU. This agreement was ultimately rejected. Therefore the actual cost of settlement may differ from that accrued in the financial statements. Any differences will be recognized in the period of settlement. It is the Department of Health's position that any costs associated with the settlement will be financed by the Department and therefore there is no effect on net income.

These financial statements are unaudited.

Unaudited

ENVIRONMENTAL TRUST FUND

Balance Sheet
as at March 31, 2001

ASSETS

	2001	2000
Cash	$ 1,008	$ 795
Investments (Schedule 1)	5,037	4,954
Interest receivable	—	11
	$ 6,045	$ 5,760

FUND EQUITY

	2001	2000
Fund equity	$ 6,045	$ 5,760

Statement of Income and Fund Equity
for the year ended March 31, 2001

	2001	2000
Revenues		
Interest	$ 308	$ 257
Expenses		
Bank charges	12	22
Net Income	296	235
Fund equity, beginning of year	5,749	5,525
Fund equity, end of year	$ 6,045	$ 5,760

Unaudited

ENVIRONMENTAL TRUST FUND

Notes to Financial Statements
March 31, 2001

1. Authority

Effective January 1, 1995 the authority for Environmental Trust Fund operations is the Environment Act. The purpose of the Trust is to fund programs for environmental research and management and conservation of the environment.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles. Administrative expenses incurred on behalf of the Fund are included in the expenditures of the Nova Scotia Department of Environment and Labour and are not reflected in the financial statements.

Schedule 1

ENVIRONMENTAL TRUST FUND

Schedule of Investments
March 31, 2001

Investment	Interest Rate	Maturity Date	Cost
Woodbridge Financial	5.15%	May 2, 2001	$ 5,037

The investments of the Environmental Trust Fund are recorded at cost, which approximates their market value.

AUDITOR'S REPORT

To the Minister of Agriculture and Fisheries; and

To the Chair and Members of the
Nova Scotia Fisheries and Aquaculture Loan Board

I have audited the balance sheet of the Nova Scotia Fisheries and Aquaculture Loan Board as at March 31, 2001 and the statements of revenues, expenditures and accumulated surplus, and continuity of fund for the year then ended. These financial statements are the responsibility of the Loan Board's management. My responsibility is to express an opinion on these financial statements based upon my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Nova Scotia Fisheries and Aquaculture Loan Board as at March 31, 2001 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 4, 2001

NOVA SCOTIA
FISHERIES AND AQUACULTURE LOAN BOARD

Balance Sheet
as at March 31, 2001

ASSETS

	2001	2000
Loans receivable (Note 3) (Schedule 1)	$ 51,493,176	$ 42,081,495
Accrued interest receivable	1,577,119	1,230,149
Due from Consolidated Fund - Department of Finance (Note 4)	86,069,279	95,587,716
	$ 139,139,574	$ 138,899,360

LIABILITIES AND FUND BALANCE

	2001	2000
Liabilities		
Applicants' funds on deposit	$ 38,038	$ 41,840
Due to Department of Finance	1,577,119	1,230,149
Fisheries and Aquaculture Development Fund	137,524,417	137,627,371
	$ 139,139,574	$ 138,899,360

NOVA SCOTIA
FISHERIES AND AQUACULTURE LOAN BOARD

Statement of Revenues, Expenditures and Accumulated Surplus
for the year ended March 31, 2001

	2001	2000
Revenues		
Interest income	$ 3,641,322	$ 3,157,329
Loan fees	151,763	97,799
	3,793,085	3,255,128
Expenditures		
Interest expense (Note 5)	2,746,352	2,385,595
Salaries and benefits	479,850	467,943
Board honoraria	6,150	6,192
Travel	53,698	42,229
Office supplies	28,629	23,284
Bad debts	42,953	44,824
	3,357,632	2,970,067
Surplus before Government contribution	435,453	285,061
Contribution by Department of Agriculture and Fisheries (Note 6)	611,280	584,472
Surplus	1,046,733	869,533
Distribution to Department of Finance (Note 6)	1,046,733	869,533
Accumulated Surplus	$ —	$ —

Statement of Continuity of Fund
for the year ended March 31, 2001

	2001	2000
Balance, beginning of year	$ 137,627,371	$ 137,672,195
Deduct: Increase in allowance for doubtful accounts	(102,954)	(44,824)
Balance, end of year	$ 137,524,417	$ 137,627,371
Comprising:		
Loans receivable	$ 51,493,176	$ 42,081,495
Loans authorized but unadvanced	2,221,467	2,862,206
Aquaculture loan guarantees	3,565,000	3,772,000
Uncommitted Fund balance	80,244,774	88,911,670
	$ 137,524,417	$ 137,627,371

NOVA SCOTIA
FISHERIES AND AQUACULTURE LOAN BOARD

Notes to Financial Statements
March 31, 2001

1. Authority

The Fisheries and Aquaculture Development Fund is established pursuant to Section 34 of the Fisheries and Coastal Resources Act. The purpose of the Fund is to finance the loans and guarantees of the Nova Scotia Fisheries and Aquaculture Loan Board.

The object and purpose of the Board is to make loans and guarantees of loans to fishers, aquaculturists, companies, cooperatives, associations or other persons in order to encourage, sustain, improve and develop the fishing industry in the Province.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles.

3. Deferment Programs

On April 15, 1997 government approved an assistance program for borrowers suffering economic hardship as a result of reduced income. The Board may extend, defer or adjust the repayment or terms of any loan guarantee. As of March 31, 2001 loans receivable under the program total $nil (2000 - $1,165,981).

4. Due from Consolidated Fund - Department of Finance

	2001	2000
	$ 2,221,467	$ 2,862,206
Loans authorized but unadvanced	3,565,000	3,772,000
Aquaculture loan guarantees	38,038	41,840
Applicants' funds on deposit	80,244,774	88,911,670
Uncommitted Fund balance		
	$ 86,069,279	$ 95,587,716

Guarantees - On August 30, 1995 the government's Priorities and Planning Committee approved the Nova Scotia Acquaculture Development Strategy. On April 1, 1996 the aquaculture loan and guarantee program was transferred from the former Nova Scotia Economic Renewal Agency to the Board, along with $1,000,000 of existing loan guarantees. The strategy provides approval for capital advances and guarantees of $2.0 million per year, until March 31, 2001.

5. Interest Expense

Loans provided by the Board are funded through advances by the Department of Finance. Interest expense is calculated by the Board based on an estimate by the Department of Finance of the rate at which the Province could borrow funds over the next quarter.

6. Contributions and Surplus

Expenses of the Board other than interest expense are paid by the Department of Agriculture and Fisheries on behalf of the Board. The operating surplus or deficit of the Board is retained in the Consolidated Fund of the Province.

7. Public Service Superannuation Fund

All full-time employees of the Board are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Board's operating expenses. The Public Service Superannuation Fund is administered by the Department of Finance. The Board is not responsible for any unfunded liability.

PROVINCE OF NOVA SCOTIA

NOVA SCOTIA
FISHERIES AND AQUACULTURE LOAN BOARD

Continuity of Loans Receivable
for the year ended March 31, 2001

SCHEDULE 1

		2001	2000
Loans Receivable			
Balance, beginning of year		$ 43,095,484	$ 37,885,876
Add:	Advances during the year	18,501,367	14,087,803
Deduct:	Repayments during the year	(8,986,732)	(8,878,195)
Balance, end of year		52,610,119	43,095,484
Allowance for Doubtful Accounts		1,116,943	1,013,989
Loans receivable - net of allowance for doubtful accounts		$ 51,493,176	$ 42,081,495

AUDITORS' REPORT

To the Chairperson and Members of the Board of
Guysborough Antigonish Strait Health Authority

We have audited the statement of financial position of Guysborough Antigonish Strait Health Authority as at March 31, 2001 and the statements of operations, changes in net assets and cash flows for the three months then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2001 and the results of its operations and the changes in its cash flows for the three months then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Sydney, Canada
June 15, 2001

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Statement of Financial Position

ASSETS

	Operating Fund	Capital Fund	Restricted Fund	March 31, 2001 Total	January 1, 2001 Total
Current assets:					
Cash and marketable securities	$ 2,812,799	$ —	$ 192,629	$ 3,005,428	$ 1,231,725
Accounts receivable (note 2)	4,315,269	—	—	4,315,269	3,450,212
Inventories (note 3)	442,910	—	—	442,910	442,335
Prepaids expenses	124,879	—	—	124,879	194,810
	7,695,857	—	192,629	7,888,486	5,319,082
Capital assets (note 4)	—	30,166,042	—	30,166,042	30,618,053
Other receivables :					
Retirement allowance (note 7)	2,715,577	—	—	2,715,577	2,638,804
	$ 10,411,434	$ 30,166,042	$ 192,629	$ 40,770,105	$ 38,575,939

LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS

	Operating Fund	Capital Fund	Restricted Fund	March 31, 2001 Total	January 1, 2001 Total
Current liabilities:					
Accounts payable and accrued liabilities (note 5)	$ 5,190,036	$ —	$ —	$ 5,190,036	$ 4,989,934
Deferred revenue	1,442,151	—	—	1,442,151	79,046
	6,632,187	—	—	6,632,187	5,068,980
Other liability:					
Retirement allowance (note 7)	2,715,577	—	—	2,715,577	2,638,804
Deferred contributions for capital assets (note 6)	1,063,670	29,584,190	—	30,647,860	30,095,602
Fund balances:					
Investment in capital assets	—	581,852	—	581,852	581,852
Internally restricted	—	—	192,629	192,629	190,701
	—	581,852	192,629	774,481	772,553
	$ 10,411,434	$ 30,166,042	$ 192,629	$ 40,770,105	$ 38,575,939

Contingencies (note 12)

See accompanying notes to financial statements.

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Statement of Operations
Three months ended March 31, 2001

	Operating Fund	Capital Fund	Restricted Fund	Total
Revenue:				
Department of Health and Community Services	$ 8,643,018	$ —	$ —	$ 8,643,018
Patient income	414,570	—	—	414,570
Dietary recoveries	116,791	—	—	116,791
Housing recoveries	7,150	—	—	7,150
Recoveries - maintenance services	10,452	—	—	10,452
Rentals	17,799	—	—	17,799
Miscellaneous	3,418	—	—	3,418
Investment income	21,866	—	1,928	23,794
Amortization of deferred contributions (note 8)	—	591,200	—	591,200
Laundry recoveries	30,721	—	—	30,721
	9,265,785	591,200	1,928	9,858,913
Expenditures:				
Nursing services	3,554,780	—	—	3,554,780
Support services	1,957,445	—	—	1,957,445
Diagnostic and therapeutic services	1,466,360	—	—	1,466,360
Administrative services	644,281	—	—	644,281
Medical services	54,307	—	—	54,307
Non-portable programs	1,331,148	—	—	1,331,148
Level III emergency services	13,534	—	—	13,534
Retirement allowance	76,773	—	—	76,773
Contract settlement - NSNU	167,157	—	—	167,157
Amortization of capital assets	—	591,200	—	591,200
	9,265,785	591,200	—	9,856,985
Excess of revenue over expenditures for the period	$ —	$ —	$ 1,928	$ 1,928

Statement of Changes in Net Assets
Three months ended March 31, 2001

	Investment in capital assets	Internally restricted	Total
Transfer from the Eastern Regional Health Board	$ 581,852	$ 190,701	$ 772,553
Excess of revenue over expenditures	—	1,928	1,928
Balance, end of period	$ 581,852	$ 192,629	$ 774,481

See accompanying notes to the financial statements.

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Statement of Cash Flows
Three months ended March 31, 2001

Cash provided by (used for):		
Operations:		
Excess of revenue over expenditure	$ 1,928	
Items not involving cash:		
Amortization of capital assets	591,200	
Amortization of deferred contributions for capital assets	(591,200)	
Retirement allowance	(76,773)	
Department of Health funding for retirement allowance	76,773	
Changes in non-cash operating working capitals:		
Increase in accounts receivable	(865,057)	
Increase in inventories	(575)	
Decrease in prepaid expenses	69,931	
Increase in accounts payable and accrued liabilities	200,102	
Increase in deferred revenues	1,363,105	$ 769,434
Financing and investing activities:		
Additions to capital assets	(139,189)	
Additions to deferred contributions for capital assets	1,143,458	1,004,269
Increase in cash		1,773,703
Cash, beginning of period		1,231,725
Cash, end of period		$ 3,005,428

See accompanying notes to the financial statements.

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Notes to Financial Statements
Three months ended March 31, 2001

On June 8, 2000, Bill #34 - The Health Authorities Act, received Royal Assent. This legislation abolished Regional Health Boards and replaced them with District Health Authorities. The effects on the former Eastern Regional Health Board were as follows: St. Martha's Regional Hospital, Strait Richmond Hospital, Guysborough Memorial Hospital, Eastern Memorial Hospital and St. Mary's Memorial Hospital formed District Health Authority #7 and Inverness Consolidated Memorial Hospital, Sacred Heart Healthcare Centre, Victoria County Memorial Hospital and Buchanan Memorial Healthcare Centre joined with the Cape Breton Healthcare Complex to form District Health Authority #8. As a result of this legislative, the Eastern Regional Health Board ceased operations effective December 31, 2000 and was replaced by District Health Authority #7 on January 1, 2001.

On March 23, 2001 the District Board of the Health Authority #7 changed its name to operate as the Guysborough Antigonsh Strait Health Authority.

The Health Authority's principal activity is to operate and manage designated hospitals and other health related activities within the Eastern Region of Nova Scoita.

1. **Significant accounting policies:**

a) **Revenue Recognition**

The Health Authority follows the deferral method of accounting for contributions which include donations and government grants.

The Health Authority is funded primarily by the Province of Nova Scotia in accordance with budget arrangements established by the Department of Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the purchase of capital assets are deferred and amortized on a straight-line basis, at a rate corresponding with the depreciation rate for the related capital asset.

Investment income (restricted and unrestricted) is recognized as revenue when earned.

b) **Marketable securities:**

Marketable securities are valued at the lower of cost or market value.

c) **Inventories:**

Inventories are valued at cost.

d) **Restricted:**

Funds donated from outside agencies or individuals which have been designated for a specific purpose have been restricted.

e) **Capital assets:**

Capital assets are stated at cost.

Capital assets are amortized on the straight-line basis using the following annual rates:

Asset	Rates
Building and land improvements	2.5%, 4%
Major equipment	5%. 6.67%, 10%, 20%

2. **Accounts receivable:**

	March 31 2001	January 1, 2001
Patient services	$ 444,535	$ 512,557
Department of Health (note 9):		
Final settlement (to December 31, 2000)	182,283	377,400
Final settlement (January to March 2001)	776,453	—
Vacation liability	1,331,500	1,241,444
TSP Program	318,458	557,865
Contract settlement	604,824	437,668
Other (Public Health and Addiction Services)	138,036	—
Hospital Foundations (note 11)	16,057	16,057
Harmonized sales tax	221,346	146,460
Sundry	91,760	134,450
Veterans	—	26,311
Cape Breton District Health Authority	190,017	—
	$ 4,315,269	$ 3,450,212

3. **Inventories:**

	March 31 2001	January 1, 2001
Medical and surgical	$ 111,115	109,396
Drugs	196,959	201,490
Intravenous	6,036	5,921
Maintenance	19,927	18,287
Food	10,500	10,500
General	98,373	96,741
	$ 442,910	$ 442,335

4. **Capital assets:**

			March 31, 2001	January 1, 2001
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Land	$ 581,852	$ —	$ 581,852	$ 581,852
Buildings	41,350,026	14,448,375	26,901,651	27,150,863
Equipment	16,525,725	13,843,186	2,682,539	2,885,338
	$ 58,457,603	$ 28,291,561	$ 30,166,042	$ 30,618,053

5. **Accounts payable and accrued liabilities:**

	March 31, 2001	January 1, 2001
Accounts payable and accrued liabilities	$ 2,288,307	$ 2,326,803
Accrued payroll:		
Salaries	719,382	414,309
Vacation pay	1,531,934	1,422,206
Contract settlement	604,824	437,668
Due to hospital foundations (note 10)	1,017	1,017
Equipment payable	44,572	49,086
Cape Breton District Health Authority	—	338,845
	$ 5,190,036	$ 4,989,934

6. Deferred contributions for capital assets:

Deferred contributions for capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations. The changes in the deferred contributions balance during the year are as follows:

Transferred from Eastern Regional Health Board	$ 30,095,602
Additional contributions received	1,143,458
Amounts amortized to revenue	(591,200)
Balance, end of period	$ 30,647,860

The balance of unamortized capital contributions related to capital assets consists of the following:

	March 31, 2001	January 1, 2001
Unamortized capital contributions used to purchase assets	$ 29,584,190	$ 30,036,201
Unspent contributions	1,063,670	59,401
	$ 30,647,860	$ 30,095,602

7. Retirement allowance:

In the prior year, the Department of Health requested that Nova Scotia Regional Health Boards recognize in their financial statements both the liability for retiring allowances and the related commitment by the Department of Health to fund same.

To promote consistency amongst Boards the Department engaged consulting actuaries to quantify for each Regional Board the retiring allowance liability and expense for years up to March 31, 2000 along with a projection of the expense and liability for the fiscal year ended March 31, 2001.

In compliance with the Department's request the former Eastern Regional Health Board, had recorded a net gain of $3,754,725 in respect of retiring allowances accured up to December 31, 2000:

	Balance December 31, 2000 Eastern Regional Health Board	Distribution to DHA#7	Distribution to DHA#8
Balance as at January 1, 2001, former Eastern Regional Health Board retiring allowance liability	$ 3,754,725	$ 2,638,804	$ 1,115,921
Retiring allowance expense computed with reference to the actuarial projection of expense for the period	76,773	— 76,773	— —
Funding receivable from the Department for the actuarially projected liability at March 31, 2001	$ 3,831,498	$ 2,715,577	$ 1,115,921

8. Invested in capital assets:

a) Investment in capital assets is calculated as follows:

Capital assets	$ 30,166,042
Amounts financed by:	
Deferred contributions	29,584,190
	$ 581,852

b) **Changes in net assets invested in capital assets is calculated as follows:**

Excess of expenses over revenue:		
Amortization of deferred contributions related to capital assets	$	591,200
Amortization of capital assets		(591,200)
	$	—

Net change in investment in capital assets:		
Capital assets acquired	$	139,187
Amounts funded by deferred contributions		(139,187)
	$	—

9. Accounts with the Department of Health:

The Health Authority has the following accounts with the Department of Health:

		March 31, 2001		January 1, 2001
Accounts receivable:				
Retirement allowance	$	2,715,577	$	2,638,804
Final settlements		958,736		377,400
Vacation liability		1,331,500		1,241,444
TSP Program		318,458		557,865
Contract settlement		604,824		437,668
Other (Public Health and Addiction Services)		138,036		—
	$	6,067,131	$	5,253,181

Collectability of the estimated receivable is dependent on obtaining approval for certain expenditures.

The adjustment, if any, on the ultimate settlement of the above amounts will be accounted for as a charge to or credit against income in the period in which settlement occurs.

10. Related parties:

The Health Authority is related to St. Martha's Regional Hospital Foundation, Guysborough Memorial Hospital Foundation, Strait Richmond Hospital Charitable Foundation and St. Mary's Memorial Hospital Society. The Foundations' primary purpose is to raise funds to assist in the construction of and the supply of certain equipment for the Health Authority.

The following amounts were due from or to the Foundations as at March 31:

Due from Hospital Foundations:		
Guysborough Memorial Hospital Foundation	$	1,131
St. Mary's Memorial Hospital Society		14,926
	$	16,057
Due to Hospital Foundation:		
Strait Richmond Hospital Charitable Foundation	$	1,017

During the three months ended March 31, 2001 the following amounts were received from the Foundations to purchase equipment:

St. Martha's Regional Hospital Foundation	$	42,643
Guysborough Memorial Hospital Foundation		27,689
	$	70,332

11. Acquisition and transfer of assets:

The former Eastern Regional Health Board has distributed its net assets (consisting of deferred contributions) to the Guysborough Antigonish Strait Health Authority (District Health Authority #7) and the Cape Breton District Health Authority (District Health Authority #8) on January 1, 2001 as follows:

	Balance December 31, 2000	Distribution to DHA#7	Distribution to DHA#8
Assets distributed:			
Cash and short-term investments	$ 1,455,709	$ 1,231,725	$ 223,984
Accounts receivable	5,470,047	3,450,212	2,019,835
Inventories	705,652	442,335	263,317
Prepaid expenses	284,079	194,810	89,269
Capital assets	50,002,628	30,618,053	19,384,575
Other receivable - retirement allowance	3,754,725	2,638,804	1,115,921
Inter authority accounts	—	(338,845)	338,845
	61,672,840	38,237,094	23,435,746
Less liabilities assumed:			
Accounts payable and accrued liabilities	7,086,247	4,651,089	2,435,158
Deferred revenue	139,480	79,046	60,434
Deferred contributions for capital assets	49,710,812	30,095,602	19,615,210
Other liability - retirement allowance	3,754,725	2,638,804	1,115,921
	60,691,264	37,464,541	23,226,723
Net assets distributed	$ 981,576	$ 772,553	$ 209,023
Consisting of:			
Investment in capital assets	$ 790,875	$ 581,852	$ 209,023
Internally restricted	190,701	190,701	—
	$ 981,576	$ 772,553	$ 209,023

12. Contingencies:

a) Law Suit

The Health Authority has been named a defendant in two lawsuits; one related to a wrongful death and one for personal injury.

The outcome of the matters is not determinable and settlement, if any, will be accounted for as a charge to operations in the period of settlement.

Management is of the opinion that the Province of Nova Scotia, Department of Health and Community Services, will provide the necessary funding to meet obligations, if any, which may result from the legal actions.

b) Funds required to settle labour dispute:

The financial statements contain an accrual for the expected cost of contract settlement with the Nova Scotia Nurses Union in respect of retroactive amounts owing from November 1 to March 31, 2001. The estimate was based on the tentative agreement that had been reached with the NSNU. This agreement was ultimately rejected. Therefore the actual cost of settlement may differ from that accrued in the financial statements. Any differences will be recognized in the period of settlement. It is the Department of Health's position that any costs associated with the settlement will be financed by the Department and therefore there is no effect on net income.

13. Comparative figures:

As this was the first three months of operation for the Health Authority, comparative figures are not available.

AUDITORS' REPORT

To the Chairman and Commissioners of the
Halifax-Dartmouth Bridge Commission:

We have audited the balance sheets of Halifax-Dartmouth Bridge Commission as at December 31, 2000 and 1999 and the statements of income, deficit and cash flows for the years then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

LEVY CASEY CARTER MACLEAN
Chartered Accountants

Halifax, Nova Scotia
February 16, 2001

HALIFAX - DARTMOUTH BRIDGE COMMISSION

Balance Sheet
December 31, 2000

	2000	1999
	(in thousands)	
ASSETS		
Current		
Cash (note 1 (f))	$ 3,851	$ 398
Receivables		
Trade	4	289
Accrued interest	29	6
Recoverable HST (note 2)	116	639
Transponder inventory (note 1(c))	—	159
Prepaid expenses	140	144
	4,140	1,635
Deferred financing costs and discounts, net of accumulated amortization of $2,597 (1999 - $1,755) (note 1 (e))	5,825	6,668
Deferred transponder charges (net of accumulated amortization of $11) (note 9)	646	—
Capital assets (note 3)	76,605	80,536
Restricted assets (note 4)		
Investment - OMA Fund	1,368	1,329
Investment - Debt Service Fund	3,061	2,975
Investment - Capital Fund	3,092	—
Investment - Sinking Fund	2,048	—
	$ 96,785	$ 93,143
LIABILITIES		
Current		
Payables and accruals	$ 362	$ 1,773
Capital project holdbacks payable	407	753
Accrued interest payable	456	456
Refundable customer transponder amounts (note 9)	744	—
Deferred revenue (note 1(b) and 5)	2,361	2,293
	4,330	5,275
Long term debt (note 6)	123,000	123,000
DEFICIT		
Reserve for restricted assets (note 4)	9,569	4,304
Deficit	(40,114)	(39,436)
	(30,545)	(35,132)
	$ 96,785	$ 93,143

HALIFAX - DARTMOUTH BRIDGE COMMISSION

Statement of Income and Deficit
year ended December 31, 2000

	2000	1999
	(in thousands)	
Revenue		
Toll revenue (note 1(b))	$ 22,500	$ 21,590
Other rate charges	114	104
Investment and sundry income		
OMA , Debt Service, Capital and Sinking Funds	338	205
Other	184	239
	23,136	22,138
Expenses		
Operating expenses	1,185	1,184
Maintenance expenses	2,344	1,799
Administrative expenses	1,742	1,672
Amortization of capital assets	5,104	3,848
Amortization of deferred transponder charges	11	---
Interest on long-term debt and amortization of deferred financing costs (note 7)	8,164	7,903
	18,550	16,406
Income from operations	4,586	5,732
Other income		
Non-recurring GST rebate from prior years	---	652
Net income	4,586	6,384
Deficit, beginning of year	(39,436)	(45,716)
	(34,850)	(39,332)
Appropriation to restricted asset reserve	(5,264)	(104)
Deficit, end of year	$ (40,114)	$ (39,436)

HALIFAX - DARTMOUTH BRIDGE COMMISSION

Statement of Cash Flows
year ended December 31, 2000

	2000	1999
	(in thousands)	
Operating Activities		
Net income	$ 4,586	$ 6,384
Amortization of capital assets	5,104	3,848
Amortization of deferred transponder charges	11	—
Amortization of debt discount and refinancing costs	842	842
Gain on disposal of capital assets	(14)	(4)
	10,529	11,070
Net change in non-cash operating balances (note 8)	(654)	(4,574)
	9,875	6,496
Financing Activities		
Proceeds from Line of Credit	—	4,000
Investing Activities		
Proceeds from disposal of capital assets	20	14
Investment in capital fund investments	(3,092)	—
Investment in sinking fund investments	(2,048)	—
Increase in OMA Fund investments	(39)	(104)
Increase in Debt Service Fund investments	(86)	—
Purchase of capital assets	(1,177)	(11,925)
	(6,422)	(12,015)
Increase (decrease) in cash during year	3,453	(1,519)
Cash, beginning of year	398	1,917
Cash, end of year	$ 3,851	$ 398

HALIFAX - DARTMOUTH BRIDGE COMMISSION

Notes to Financial Statements
December 31, 2000

1. **Significant Accounting Policies ($000's)**

a) Basis of financial statement presentation

The Commission, which is a provincially controlled public sector entity, is reporting as a government business enterprise as defined in the Public Sector Accounting and Auditing handbook of the Canadian Institute of Chartered Accountants. Government business enterprises are required to use generally accepted accounting principles for profit-oriented entities, which is the basis under which these financial statements are prepared.

b) Revenue recognition

The Commission recognizes revenue at the time a vehicle crosses a bridge. The Commission's bridge toll rates are regulated by the Nova Scotia Utility and Review Board.

c) Transponder inventory

Prior to 2000, transponders were recorded as inventory at the lower of cost and net realizable value (see Note 9).

d) Amortization of capital assets

Amortization is calculated using the declining balance (d.b.) method, except for bridge structures, buildings, some bridge components, and transponders which are being depreciated using the straight line (s.l.) method, at rates based on the estimated useful life of the assets, as indicated in note 3. Amortization commences in the year an asset is put in use.

Upon completion of the Macdonald bridge third lane project in 1999 the estimated remaining useful life of the major components of this bridge were increased to 40 years from 35 years for amortization purposes, based on consultation with the Commission's external consulting engineers. This change is applied to amortization expense for 1999 and future years.

In keeping with the Commission's policy of periodically updating the estimated remaining useful life of the bridges, the estimated remaining useful life of some of the components of the MacKay bridge were reduced to below 50 years, based on consultation with the Commission's external consulting engineers. This change is applied to amortization expense for 2000 and future years. The additional amount of amortization expense caused by this change for the year 2000 is $833.

e) Amortization of financing costs

The financing costs, discounts and hedge costs are being amortized on a straight line basis over the term of the Toll Revenue Bonds Series 1, to December, 2007.

f) Cash and cash equivalents

Cash consists of funds held in the current bank account. Interest is received on funds in the general bank account at a rate of Prime minus 2%.

2. Harmonized Sales Tax (HST) and Income Tax Status

As a public sector entity controlled by the Province of Nova Scotia, the Commission is not subject to Federal or Provincial income taxes, and is entitled to rebates of 100% of the HST it expends on goods and services.

3. Capital Assets

		2000			1999
	Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
				(in thousands)	
Land......		$ 5,735	$ —	$ 5,735	$ 5,735
Buildings...	40 yrs s.l.	1,957	1,250	707	740
Bridge and bridge components					
A.L. Macdonald Bridge ..	20 to 85 yrs s.l.	66,698	10,629	56,069	58,620
A.M. MacKay Bridge...	15 to 80 yrs s.l.	22,053	11,167	10,886	12,184
Electronic toll transponders.	10 yrs s.l.	328	5	323	—
Computer equipment.	30% d.b.	348	236	112	138
Toll and other equipment.	20% d.b.	5,883	3,294	2,589	2,924
Mobile equipment.	30 % d.b.	757	573	184	195
		$ 103,759	$ 27,154	$ 76,605	$ 80,536

4. Restricted assets ($000's)

Under the terms of a trust indenture dated November 27, 1997 between the Commission and CIBC Mellon Trust Company providing for the issue of Toll Revenue Bonds Series 1, so long as such Bonds are outstanding, the Commission must maintain four reserve funds, which will be funded from the revenues of the Commission, after payment of current operating, maintenance, and administrative expenses. With the exception of the capital fund, the reserve funds are held and invested by the trustee on behalf of the Commission.

The operating, maintenance, and administrative (OMA) fund must be maintained at an amount at least equal to 25% of the annual budgeted OMA expenses for the year. This fund can only be used to pay OMA expenses, although any amount in the fund in excess of the required balance can be transferred to the Commission's unrestricted accounts. At December 31, 2000, the OMA fund had a market value of $1,370 and was invested in cash and Government of Canada Treasury Bills maturing in June 2001 with a yield of 5.45%.

The debt service fund must be maintained at a amount at least equal to 50% of annual interest payments required in respect of certain indebtedness, net of interest earned by the Commission in the year. This fund can only be used to pay principal, interest, and fees in respect of Toll Revenue Bonds, although any amount in the fund in excess of the required balance can be transferred to the Commission's unrestricted accounts. At December 31, 2000, the debt service fund had a market value of $3,065 and was invested in cash and Government of Canada Treasury Bills maturing in June 2001 with a yield of 5.45%.

The Commission must make quarterly contributions of $500 to the sinking fund, commencing the first quarter of the year 2000. This fund can only be used to pay amounts owing in respect of the principal or interest on the Toll Revenue Bonds. At December 31, 2000, the sinking fund had a market value of $2,124 and was invested in various federal, provincial and corporate bonds maturing in 2007 with yields of 5.78% to 6.68%.

The Commission must make quarterly contributions of $750 to the capital fund, commencing the first quarter of the year 2000. This fund can only be used to pay amounts owing in respect of the principal or interest on the Toll Revenue Bonds, or for the maintenance of, or improvements to the bridges. At December 31, 2000, the capital fund had a market value of $3,149 and was invested in various federal, provincial and corporate bonds maturing in 2007 and 2012 with yields of 6.08% to 6.68%.

5. Deferred Revenue

	2000	1999
	(in thousands)	
Unredeemed Tokens	$ 1,705	$ 1,811
Electronic Toll Collection (ETC) Accounts	656	482
	$ 2,361	$ 2,293

Token sales are recorded as deferred revenue until the tokens are used by customers, at which time, revenue is recognized.

Customers prepay their ETC crossings. When the customer crosses a bridge, revenue is recognized and the deferred ETC account is reduced accordingly.

6. Long-term Debt

	2000	1999
	(in thousands)	
5.95% Toll Revenue Bonds Series 1, maturing December 4, 2007, with interest payable in semi- annual payments. The Bonds are secured by an assignment of the revenues of the Commission; subject to the prior payment of operating, maintenance and administrative expenses, and the maintenance of certain reserve funds by the Commission pursuant to a trust indenture dated November 27, 1997 between the Commission and CIBC Mellon Trust Company (see note 4).	$ 100,000	$ 100,000
90 day B.A. rate + 3/10 of 1% line of credit, maturing the day following the date principal and interest are repaid in full on the Toll Revenue Bonds Series 1. This facility is a committed revolving credit of $30,000. Interest is payable annually. This debt is subordinated to the payment in full of all amounts from time to time owing to the holders of the Toll Revenue Bonds Series 1 under the Trust Indenture (see note 4). No amounts of principal or interest shall be paid by the Commission on this debt if the Commission is in default of payment of OMA expenses, principal, or interest on the Toll Revenue Bonds Series 1, amounts due to be deposited into OMA Fund, Debt Service Fund, Sinking Fund, or Capital Fund, or amounts of principal and interest due under any other indebtedness of the Commission.	23,000	23,000
	$ 123,000	$ 123,000

The estimated fair market value of the $100,000 fixed rate long term debt, based on the quoted market price for the same issue at December 31, 2000, is $99,890.

Payments required to the Sinking Fund and Capital Fund (see note 4) over the next five years are as follows:

2001	$	5,000
2002	$	5,000
2003	$	5,000
2004	$	5,000
2005	$	5,000

7. Interest on Long-term Debt and Amortization of Deferred Financing Costs

	2000	1999
	(in thousands)	
Interest on long-term debt		
Toll Revenue Bonds	$ 5,950	$ 5,950
Line of Credit	1,372	1,111
Amortization of deferred financial costs and discounts	842	842
	$ 8,164	$ 7,903

8. Net Change in Non-cash Operating Balances

	2000	1999
	(in thousands)	
Increase (decrease) in cash from changes in:		
Receivables	$ 785	$ 567
Transponder inventory	159	320
Prepaid expenses	4	(14)
Payables and accruals	(1,757)	(5,686)
Customer transponder amounts	87	—
Deferred revenue	68	239
	$ (654)	$ (4,574)

9. Transponders ($000's)

In 2000, the Commission changed its business policy on the issuance of electronic toll transponders. The Commission had previously inventoried the purchase of transponders and recognized the sale and costs of the sale of the transponder when purchased by a customer. In November 2000, the commission implemented a policy of accepting refundable deposits for all future issuances of transponders to customers. They also revised their refund policy on all prior transponder sales to customers, whereby these sales became eligible for a full refund. Therefore, the Commission has recorded a liability for all payments received on transponders issued to customers to date. The cost of all transponders issued to customers prior to the change in policy have been recorded as a deferred charge. The cost of all transponders purchased for issue to customers after the change in policy have been recorded as capital assets (see Note 3). In both cases, the transponders are being amortized on a straight-line basis to 2010. Profits of $26 realized in prior years on the sale of transponders to customers have been charged against income in 2000.

10. Pension plan ($000's)

The Commission sponsors a defined contribution pension plan for all their permanent employees. No future contributions are required in respect of past service at December 31, 2000. The Commission recognized an expense of $54 for pension contributions during the year ($51 for 1999).

11. Retirement Benefits ($000's)

Commencing in 2000, generally accepted accounting principles require entities to accrue all employee future benefits. The Commission's policy is that all employees who retire at age 60 or later, or who become disabled at any age, will be paid a retirement benefit equal to one months salary for their first ten years of service, plus one months salary for each additional full five years of service. The benefit is based on the salary in effect at the time of retirement. The Commission has recorded a liability of $131 in retirement benefits as at December 31, 2000. The entire amount was charged to administrative and maintenance expenses for the year. No such liability nor expense was recorded for 1999.

12. Incorporation

The Halifax-Dartmouth Bridge Commission is incorporated by Special Statute of the Province of Nova Scotia. The purposes of the Commission are to construct, maintain, and operate bridges and their necessary approaches across Halifax Harbour, between the communities of Halifax and Dartmouth, and across the North West Arm.

13. Additional Credit Facility ($000's)

The commission has a $5,000 operating loan facility with a chartered bank which bears interest at prime rate minus .25% per year. The operating facility is subject to annual review and is unsecured. If the Credit Limit is exceeded at any time, interest will be calculated on the excess amount at prime plus 2% per year. As at December 31, 2000, no advances were outstanding.

14. Comparative figures

In come cases, the comparative figures on these financial statements have been reclassified to correspond with the current year's presentation.

AUDITORS' REPORT

To the Chairperson and Members of the Board of
The Halifax Regional School Board

We have audited the consolidated balance sheet of the Halifax Regional School Board as at March 31, 2001, and the consolidated statement of operations for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2001 and the results of its operations for the year then ended in accordance with accounting principles generally accepted for school boards in Nova Scotia.

GRANT THORNTON LLP
Chartered Accountants

Dartmouth, Nova Scotia
June 11, 2001

HALIFAX REGIONAL SCHOOL BOARD

Consolidated Balance Sheet
March 31, 2001

ASSETS

	2001	2000
Current		
Receivables	$ 5,318,650	$ 5,456,356
Receivable from Department of Education (Note 12)	—	16,900,102
Prepaids	65,960	20,246
	5,384,610	22,376,704
Capital assets (Note 2)		
Improvements to school properties	20,649,923	20,288,097
Interest in school buildings	89,442,758	89,442,758
Energy management system	—	1,655,265
Furniture, equipment, vehicles and renovations	5,059,784	10,932,161
	$ 120,537,075	$ 144,694,985

LIABILITIES

	2001	2000
Current		
Bank Indebtedness (Note 8)	$ 1,250,168	$ 14,051,777
Payables and accruals	2,769,418	7,254,192
Deferred revenue	1,389,969	1,250,459
	5,409,555	22,556,428
Long term		
Early retirement program (Note 4)	—	66,423,056
Due to Trust Funds	1,793	11,343
	5,411,348	88,990,827

EQUITY

	2001	2000
Deficit		
General Fund (Page201)	(607,701)	(785,000)
Supplementary Fund (Page 202)	(121,009)	—
Investment in early retirement program	—	(66,423,056)
Investment in capital assets(Page 203)	115,152,465	122,412,214
Reserve funds (Page 203)	701,972	500,000
	115,125,727	55,704,158
	$ 120,537,075	$ 144,694,985

Commitments (Note 6)
Contingencies (Note 7)

See accompanying notes to the consolidated financial statements.

HALIFAX REGIONAL SCHOOL BOARD

Consolidated Statement of Operations
Year ended March 31, 2001

	2001		2000
	Budget	Actual	Actual
Revenue			
Province of Nova Scotia	$ 199,434,000	$ 200,936,551	$ 206,626,683
Halifax Regional Municipality	78,954,000	78,955,445	77,238,545
Government of Canada	1,407,000	1,670,727	1,696,955
Board Operations	1,965,000	4,094,346	3,725,198
Transfer from Reserve	—	500,000	244,040
	281,760,000	286,157,069	289,531,421
Expenditure			
School Services	231,653,000	236,144,523	238,481,835
Regional board management	1,659,000	1,488,952	2,442,789
Business services	43,922,000	44,057,193	47,509,709
Corporate services	3,783,000	3,708,139	3,387,585
Transfer to Reserve	743,000	701,972	244,040
Other items (Note 12)	—	—	10,652,692
	281,760,000	286,100,779	302,718,650
Excess (deficiency)of revenue over expenditure before recovery	—	56,290	(7,032,410)
Prior year's deficit	—	(785,000)	(10,652,692)
Recovery (Note 12)	—	—	16,900,102
Excess of expenditure over revenue	$ —	$ (728,710)	$ (785,000)

See accompanying notes to the consolidated financial statements.

HALIFAX REGIONAL SCHOOL BOARD

General and Supplementary Fund
Balance Sheet
March 31, 2001

ASSETS

	2001	2000
Current		
Accounts receivable		
Department of Education (Note 12)	$ —	$ 16,900,102
Government of Canada	291,898	428,979
Province of Nova Scotia	2,795,006	3,585,392
Commodity taxes	734,931	752,973
Other	1,496,815	689,012
Prepaids	65,960	20,246
	$ 5,384,610	$ 22,376,704

LIABILITIES

	2001	2000
Current		
Bank Indebtedness (Note 8)	$ 1,250,168	$ 14,051,777
Payables and accruals	2,769,418	7,254,192
Deferred revenue	1,389,969	1,250,459
	5,409,555	22,556,428
Long term		
Early retirement program (Note 4)	—	66,423,056
Due to Trust Funds	1,793	11,343
Due to Capital Fund	—	93,933
Due to Reserve Funds	701,972	500,000
	703,765	67,028,332
	6,113,320	89,584,760

DEFICIENCY

	2001	2000
Deficit		
General Fund (Page 201)	$ (607,701)	(785,000)
Supplementary Fund (Page 202)	(121,009)	
Investment in early retirement program (Note 4)	—	(66,423,056)
	(728,710)	(67,208,056)
	$ 5,384,610	$ 22,376,704

Commitments (Note 6)
Contingencies (Note 7)

See accompanying notes to the consolidated financial statements.

HALIFAX REGIONAL SCHOOL BOARD

General Fund
Statement of Operations
Year ended March 31, 2001

		2001		2000
	Page	Budget	Actual	Actual
Revenue				
Province of Nova Scotia	207	$ 199,434,000	$ 200,936,551	$ 206,626,683
Halifax Regional Municipality	207	59,657,000	59,658,345	77,238,545
Government of Canada	207	1,407,000	1,670,727	1,696,955
Board Operations	207	1,965,000	4,094,346	3,725,198
Transfer from Reserve		—	500,000	244,040
Transfer from Supplementary Fund		635,000	635,000	—
		263,098,000	267,494,969	289,531,421
Expenditure				
School services	207-8	214,164,000	218,508,386	238,481,835
Regional board management	209	1,585,000	1,414,952	2,442,789
Business services	210	43,680,000	43,800,193	47,509,709
Corporate services	210	3,669,000	3,594,139	3,387,585
Other items (Note 12)		—	—	4,741,913
		263,098,000	267,317,670	296,563,831
Excess (deficiency) of revenue over expenditure before recovery		—	177,299	(7,032,410)
Prior year's deficit		—	(785,000)	(10,652,692)
Recovery (Note 12)		—	—	16,900,102
Excess of expenditure over revenue		$ —	$ (607,701)	$ (785,000)

General Fund
Statement of Continuity of Deficit
Year ended March 31, 2001

	2001	2000
Balance, beginning of year	$ (785,000)	$ (10,652,692)
Excess of expenditure over revenue	(607,701)	(785,000)
Transfer of prior year's deficit to statement of operations	785,000	10,652,692
Balance, end of year	$ (607,701)	$ (785,000)

See accompanying notes to the consolidated financial statements.

HALIFAX REGIONAL SCHOOL BOARD

Supplementary Fund
Statement of Operations and Deficit
Year Ended March 31, 2001

	Page	Budget	Actual
Revenue			
Halifax Regional Municipality	211-212	$ 19,297,000	$ 19,297,100
Expenditure			
School services	211-212	17,489,000	17,636,137
Regional board management	211-212	74,000	74,000
Business services	211-212	242,000	257,000
Corporate services	211-212	114,000	114,000
Transfer to General Fund	211-212	635,000	635,000
Transfer to Reserve	211-212	743,000	701,972
		19,297,000	19,418,109
Excess of expenditure over revenue (deficit)		$ —	$ (121,009)

Capital Fund
Balance Sheet
March 31, 2001

ASSETS

	2001	2000
Due from Operating Fund	$ —	$ 93,933
Improvements to school properties (Note 2[b])	20,649,923	20,288,097
Interest in school buildings (Note 2[b])	89,442,758	89,442,758
Energy management system	—	1,655,265
Furniture and equipment	5,059,784	10,932,161
	$ 115,152,465	$ 122,412,214

EQUITY

	2001	2000
Investment in capital assets (Page 203)	$ 115,152,465	$ 122,412,214

Commitments (Note 6)
Contingencies (Note 7)

See accompanying notes to the consolidated financial statements.

HALIFAX REGIONAL SCHOOL BOARD

Capital Fund
Statement of Continuity of Investment in Capital Assets
Year ended March 31, 2001

	2001	2000
Balance, beginning of year	$ 122,412,214	$ 117,832,881
Capital purchases out of revenue		
Equipment and furnishings	—	1,122,621
Improvements to school properties	361,826	2,634,109
Reduction in long term debt (Note 12)	—	1,552,083
	122,774,040	123,141,694
Capital assets written off		
Equipment and furnishings	5,966,310	726,249
Energy Management System	1,655,265	—
Amortization of deferred finance charges	—	3,231
	7,621,575	729,480
	$ 115,152,465	$ 122,412,214

Reserve Funds
Balance Sheet
March 31, 2001

	2000	2000
ASSETS		
Due from Supplementary Fund	$ 701,972	$ 500,000
EQUITY		
Reserve Funds (Note 10)	$ 701,972	$ 500,000

Reserve Funds
Statement of Continuity of Reserves
Year ended March 31, 2001

	General Fund	Supplementary Fund	2001 Total	2000 Total
Balance, beginning of year	500,000	$ —	$ 500,000	$ 244,040
Transfer to General Fund	(500,000)	—	(500,000)	(244,040)
Transfers from General Fund	—	—	—	500,000
Transfer from Supplementary Fund (Note 10)	—	701,972	701,972	—
Balance, end of year	—	$ 701,972	$ 701,972	$ 500,000

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements
March 31, 2001

1. Nature of operations

The Halifax Regional School Board manages education programs and finances of public schools within the Halifax Regional Municipality.

2. Significant accounting policies

(a) Basis of accounting and consolidation

The consolidated balance sheet is presented using the principles of consolidation prescribed by the Department of Education. The consolidated balance sheet includes the accounts of the general, supplementary, capital, and reserve funds. Trust funds are not included in the consolidation. For a detailed review the reader should refer to the financial statements of each fund as presented in these financial statements. The financial statements have been prepared using the modified accrual basis of accounting. Major revenue and expenditure items are recorded on the accrual basis except for salaries, which are recorded as an expense when paid. In prior years the board recorded items ordered but not received by year end. However, this policy was changed effective this year so that expenditures are recorded only if the goods or services have been received by March 31.

(b) Capital fund assets

Capital fund assets transferred from municipal councils are recorded at their carrying value. In previous years, all improvements to school properties and acquisitions of furniture and equipment are recorded at cost. In 2001 the board adopted the Province of Nova Scotia's Tangible Capital Assets Accounting Policy thresholds for recording capital assets. Assets were written off in accordance with the criteria prescribed by the Department of Education. The board does not record depreciation on its assets.

Under the agreement with the municipal council, all school building and land on hand at January 1, 1982 remain assets of the municipality but are under the operational control of the Board until such time as the Board no longer requires the asset for school purposes. At that time control will revert back to the municipal councils.

The Board has made additions to school buildings, legal title to which is held by the Halifax Regional Municipality. Under the Education Act, should the buildings in question be disposed of, the Board will be entitled to a portion of any net proceeds of disposition.

(c) Trust funds

The trust funds represent capital contributed in trust on which the income thereon is used to provide scholarships for eligible students.

(d) Supplementary fund

During the fiscal 2001 budget process the Board established the Supplementary Fund for purposes of allocating and tracking supplementary revenue and expenditure. In addition, a supplementary funding policy and related procedures were approved in 2001.

3. Retirement service awards

Teachers receive a service award upon retirement, disability, death or termination, when entitled to a vested pension, under the contracts between the Nova Scotia Teachers Union locals and the predecessor boards. The contracts prescribe the formulae used in calculating the payment as well as the period over which payment is to be made.

The most recent actuarial valuations performed for the predecessor boards set out the following:

i) A 1993 actuarial valuation extrapolated to March 31, 1996 calculated the present value of the service awards payable for past services to be approximately $25,514,000 for the Halifax County - Bedford District School Board.

ii) As at July 31, 1989 the Dartmouth District School Board's actuarial study indicated that the present value of service awards applicable to past years was approximately $4,355,000.

iii) As at March 31, 1994 the Halifax District School Board actuarially determined the present value of service awards payable for past services to be approximately $9,111,000.

The present value of service awards payable for past services for the amalgamated board has not been determined.

During the year ended March 31, 2001, the Board paid $1,514,061 (2000 - $771,443) in service awards to retiring teachers.

4. Early retirement program

The Early Retirement Program (1994-1998) resulted in the Board providing the Teachers' Pension Plan with a promissory note for the outstanding funding obligation associated with the teachers retiring under this plan. During the 2000-2001 fiscal year, the Province of Nova Scotia assumed full responsibility for the Early Retirement Plan (1994-1998) and the related amounts have been removed from the Board's financial statements.

5. Pension plans

(a) Teachers' pension plan

The Board's teachers are covered by a pension plan established by the Province of Nova Scotia pursuant to the Teachers' Pension Act. The Board is not responsible for funding any deficiencies of this plan.

(b) Other

As of January 1, 2000 the pension plans covering non-teaching staff were transferred to the Halifax Regional Municipality Pension plan.

6. Commitments

a) The Board has entered into agreements to lease buildings and office equipment for various periods until 2007. The annual rent of the buildings includes a base rent plus a share of operating expenses. Minimum rent payable for the buildings and equipment for each of the next five years is as follows:

	Buildings	Equipment	Total
2002	$ 66,711	$ 19,378	$ 86,089
2003	50,874	19,378	70,252
2004	50,874	14,533	65,407
2005	50,874	—	50,874
2006	50,874	—	50,874
Subsequent to 2006	101,748	—	101,748
	$ 371,955	$ 53,289	$ 425,244

The Board is also committed to lease photocopiers for five years. The amount is based on usage and, therefore, cannot be accurately estimated.

b) The Board contracts the provision of transportation services under the terms of a five year agreement expiring in June 30, 2006. The cost of this contract approximates $10,368,000 per annum.

In addition, the Board is committed to spend an additional $294,627 for other transportation services in 2002.

c) The Board is committed to pay management fees of $88,655 for the five months ended August 31, 2000 to Perimis Inc. for services related to O'Connell Drive School.

7. Contingencies

The Board incurred expenditures relating to environmental matters in its properties during the year ended March 31, 2001. It is likely that such expenditures will continue in future years and will be funded as incurred. The future liability relating to environmental matters in its properties is not determinable at this time.

The Board has been named in a legal action by a student for the provision of educational services. The likely outcome and amount, if any, is not determinable at this time.

8. Bank indebtedness

The board has an operating line of credit of $3,000,000.

9. Transfers to General Fund

As approved by the Department of Education, in the 1999 fiscal year the Board transferred $773,640 (1998 - $900,000) to other revenue of the General Fund. These transfers are repayable to the Reserve Fund but the time frame of the repayment is yet to be finalized and has not been reflected in these financial statements.

10. Reserve Funds

The Supplementary Fund section of the Reserve Fund has $701,972 to provide continued funding in April, May and June, 2001 for expenditures related to municipal supplementary funding provided for the former Halifax County/Bedford area schools during the year ended March 31, 2001.

11. Related party transactions

These financial statements do not include certain expenditures paid and services provided on behalf of the Board by the Province of Nova Scotia, including but not limited to:

- Early Retirement Program payments;
- P3 Schools and facilities leases and operating costs;
- Payments for the teachers' pension plan and medical premiums;
- Certain IT systems and support

12. Public education funding for 2000-2001

On May 5, 2000 the Department of Education and the regional school boards reached an agreement on funding for public education for the 2000-2001 fiscal year that provided funding for accumulated deficits and outstanding liabilities as a March 31, 2000. Consequently, the Board recorded a receivable from the Province of Nova Scotia in the amount of $16,900,102 which was received by the Board in August, 2001.

In the 2000 fiscal year, the Department of Education agreed to write off various items totalling $4,741,913 and eliminated capital debt owing of $1,155,722.

13. Comparative figures

Certain of the comparative figures for 2000 have been reclassified to conform with the financial statement presentation adopted for 2001. The 2001 fiscal year was the first year in which the Board established the Supplementary Fund as disclosed in Note 2(d). Consequently, there are no comparative figures for the Supplementary Fund.

HALIFAX REGIONAL SCHOOL BOARD

General Fund
Detail of Revenue
March 31, 2001

	2001		2000
	Budget	Actual	Actual
Revenue			
Province of Nova Scotia			
Formula funding	$ 197,584,000	$ 197,418,292	$ 196,929,533
Provincial initiatives	1,753,000	1,465,831	977,354
Emergency capital	—	252,391	465,452
French special projects	97,000	136,285	101,142
Other	—	1,663,752	8,153,202
	$ 199,434,000	$ 200,936,551	$ 206,626,683
Halifax Regional Municipality			
Mandatory	$ 59,657,000	$ 59,657,100	$ 60,047,600
Supplementary	—	1,245	248,845
Other	—	—	16,942,100
	$ 59,657,000	$ 59,658,345	$ 77,238,545
Government of Canada			
Adult ESL	$ 832,000	$ 826,848	$ 1,034,739
Minority official language	208,000	199,707	189,184
French special projects	242,000	340,498	225,586
Other	125,000	303,674	247,446
	$ 1,407,000	$ 1,670,727	$ 1,696,955
Board Operations			
Investment income	$ 150,000	$ 459,818	$ 167,238
Community education fees	250,000	205,268	504,344
Summer School	135,000	137,316	133,350
Facilities rental	450,000	420,658	654,859
EXCEL	485,000	1,607,755	1,291,992
International Students	175,000	388,029	197,764
Other	320,000	875,502	775,651
	$ 1,965,000	$ 4,094,346	$ 3,725,198

General Fund
Detail of Expenditure
Year Ended March 31, 2001

School Services			
Teachers' salaries			
Classroom	$ 129,614,000	$ 141,647,622	$ 146,734,663
Special Ed	15,215,000	9,858,059	11,764,542
Teacher librarians	1,010,000	932,121	3,268,941
Guidance	2,954,000	2,178,210	2,308,909
Administrators	14,116,000	10,517,081	11,395,578
	162,909,000	165,133,093	175,472,633
Substitutes	5,483,000	6,110,183	5,828,015

HALIFAX REGIONAL SCHOOL BOARD

General Fund
Detail of Expenditure (continued)
Year Ended March 31, 2001

	2001		2000
	Budget	**Actual**	**Actual**
School Services (continued)			
Non-teachers' salaries			
Educational program assistants	10,955,000	11,040,870	12.723,563
Library technicians	530,000	549,792	—
School and administrative secretaries	4,774,000	4,643,728	5,202,535
Student support workers	250,000	82,921	483,566
	16,509,000	16,317,311	18,409,664
Benefits	11,966,000	14,084,023	17,194,385
Special education supplies and materials	299,000	172,677	84,007
Tuition agreements	250,000	101,988	224,002
Textbooks and classroom supplies			
School based and centrally managed materials	4,422,000	4,330,675	5,631,043
Textbook credit allocation	2,358,000	2,715,011	2,358,000
	6,780,000	7,045,686	7,989,043
Regional and Area Teams			
Teachers salaries	2,243,000	2,107,823	1,594,022
Non-teachers salaries	105,000	106,051	—
Information economy initiative - technicians	493,000	418,777	529,543
Benefits	270,000	184,025	208,273
Supplies	820,000	723,880	948,858
Information economy initiative - non-salary	1,083,000	807,294	863,767
	5,014,000	4,347,850	4,144,463
Community education projects			
Community education	100,000	322,629	1,240,991
Summer school	125,000	113,876	122,903
Facilities rentals	300,000	256,826	332,792
International students	64,000	234,026	106,206
Excel	310,000	1,274,711	1,066,735
Adult ESL	832,000	829,323	963,329
Other community projects	125,000	92,280	525,446
	1,856,000	3,123,671	4,358,402
Other			
Lunch and bus monitor	825,000	655,784	700,726
Tutors and security guards	195,000	206,121	187,057
Benefits	104,000	105,873	54,540
Telephones, data and fax lines	650,000	577,592	937,127
Travel	260,000	236,193	420,196
Bad debts	—	—	785,000
	2,034,000	1,781,563	3,084,646
Equipment and technology	1,064,000	290,341	1,692,575
	$ 214,164,000	$ 218,508,386	$ 238,481,835

HALIFAX REGIONAL SCHOOL BOARD

General Fund
Detail of Expenditure (continued)
Year Ended March 31, 2001

	2001		2000
	Budget	Actual	Actual
Regional Board Management			
Board Members			
Honoraria	$ 105,000	$ 104,761	$ 101,038
NSSBA dues	90,000	79,784	151,162
Travel and conferences	40,000	36,000	42,556
Other	12,000	28,577	—
	247,000	249,122	294,756
Board Administration			
Salaries	696,000	740,555	1,218,218
Benefits	90,000	79,410	207,685
Supplies and materials	281,000	162,058	157,320
Professional services	325,000	240,119	232,902
Travel	20,000	17,688	24,883
Administration charge to Supplementary Fund	(74,000)	(74,000)	—
Deferred amalgamation expense	—	—	307,025
	1,338,000	1,165,830	2,148,033
	$ 1,585,000	$ 1,414,952	$ 2,442,789
Business Services			
Board Administration			
Salaries	$ 1,930,000	$ 1,849,654	$ 1,833,892
Benefits	381,000	282,503	478,601
Supplies and materials	75,000	67,026	227,354
Liability insurance	190,000	203,260	187,077
Professional fees	40,000	25,463	46,455
Interest and service charges	210,000	318,969	217,135
Other	84,000	66,863	7,541
	2,910,000	2,813,738	2,998,055
Facilities and Grounds			
Salaries: Maintenance	1,816,000	1,757,988	1,991,570
Custodial	11,176,000	10,854,558	11,463,075
Benefits	2,527,000	2,767,560	3,168,323
Supplies and materials			
Maintenance	3,052,000	2,189,952	4,291,881
Custodial	635,000	681,596	725,260
Facilities rental	225,000	184,592	219,912
Travel and mileage	100,000	37,254	72,690
Insurance	340,000	344,640	304,027
Utilities: Electricity	3,500,000	3,593,437	3,489,081
Heating fuel	2,000,000	3,476,063	2,467,390
Water/sewer	440,000	585,316	539,413
Telephone/fax/data	175,000	117,108	79,566
Vehicles	338,000	222,574	257,668
Contracted services			
Maintenance	350,000	266,807	289,042
Snow removal	525,000	323,810	290,087
Garbage	400,000	486,317	485,579
Grass cutting	170,000	166,008	100,000
P3 school maintenance	225,000	237,286	810,066
Cleaning services	—	28,273	69,797
Other	50,000	57,874	—
	28,044,000	28,379,013	31,114,427

HALIFAX REGIONAL SCHOOL BOARD

General Fund
Detail of Expenditure (continued)
Year Ended March 31, 2001

	2001 Budget	2001 Actual	2000 Actual
Business Services (continued)			
Student transportation	10,540,000	11,112,398	10,763,117
Capital Repairs and Renovations	1,834,000	1,647,044	2,114,150
Capital debt service	504,000	—	519,960
Administration charge to Supplementary Fund	(152,000)	(152,000)	—
	$ 43,680,000	$ 43,800,193	$ 47,509,709
Corporate Services			
Board Administration			
Salaries	$ 1,182,000	$ 1,226,777	$ 1,092,722
Benefits	401,000	371,662	183,481
Supplies and materials	276,000	268,302	493,903
Professional services	103,000	41,818	49,081
Telephones	158,000	180,186	224,677
Other	63,000	10,605	4,124
	2,183,000	2,099,350	2,047,988
Staff Development			
Sabbaticals	800,000	795,883	866,941
Professional development	800,000	812,906	472,656
	1,600,000	1,608,789	1,339,597
Administration charge to Supplementary Fund	(114,000)	(114,000)	—
	$ 3,669,000	$ 3,594,139	$ 3,387,585

HALIFAX REGIONAL SCHOOL BOARD

Supplementary Fund - Halifax
Detail of Revenue and Expenditure
Year Ended March 31, 2001

	Budget	Actual
Revenue		
Halifax Regional Municipality	$ 11,880,000	$ 11,880,100
Expenditure		
School services		
Teachers' salaries		
Classroom	$ 4,883,000	$ 4,651,763
Special Ed	1,312,000	1,576,461
Guidance	—	15,722
Teacher administrators	639,000	634,708
Substitutes	170,000	324,446
Non-teachers' salaries		
Educational program assistants	904,000	790,010
Library technicians	705,000	720,796
School secretaries	95,000	82,090
Student support workers	—	111,677
Benefits	782,000	938,633
Textbooks and classroom supplies	1,679,000	1,481,681
	11,169,000	11,327,987
Regional Board Management Administration charge	51,800	51,800
Business services		
Student transportation	30,000	30,000
Administration charge	106,400	106,400
	136,400	136,400
Corporate services		
Administration charge	79,800	79,800
Transfer to General Fund	443,000	443,000
	11,880,000	$ 12,038,987
Excess of expenditure over revenue	$ —	$ (158,887)

HALIFAX REGIONAL SCHOOL BOARD

Supplementary Fund - Dartmouth
Detail of Revenue and Expenditure
Year Ended March 31, 2001

	Budget	Actual
Revenue		
Halifax Regional Municipality	$ 5,062,000	$ 5,062,000
Expenditure		
School services		
Teachers' salaries		
Classroom	$ 2,333,000	$ 2,164,728
Special Ed	488,000	518,633
Guidance	—	23,341
Teacher administrators	45,000	55,310
Substitutes	65,000	124,581
Non-teachers' salaries		
Educational program assistants	225,000	267,923
Library technicians	411,000	402,300
School secretaries	127,000	108,935
Student support workers	—	18,308
Benefits	317,000	404,922
Textbooks and classroom supplies	697,000	566,141
	4,708,000	4,655,122
Regional Board Management		
Administration charge	22,200	22,200
Business services: Student transportation	60,000	75,000
Administration charge	45,600	45,600
	105,600	120,600
Corporate services: Administration charge	34,200	34,200
Transfer to General Fund	192,000	192,000
	5,062,000	$ 5,024,122
Excess of revenue over expenditure	$ —	$ 37,878

Supplementary Fund - Halifax County/Bedford
Detail of Revenue and Expenditure
Year Ended March 31, 2001

	Budget	Actual
Revenue		
Halifax Regional Municipality	$ 2,355,000	$ 2,355,000
Expenditure		
School services		
Teachers' salaries		
Classroom	$ 489,000	$ 510,918
Special Ed	98,000	110,737
Teacher librarians	34,000	39,347
Substitutes	16,000	16,000
Non-teachers' salaries		
Educational program assistants	392,000	379,558
Library technicians	304,000	285,992
School secretaries	45,000	40,604
Student support workers	36,000	36,615
Benefits	198,000	233,257
	1,612,000	1,653,028
Transfer to Reserve	743,000	701,972
	2,355,000	2,355,000
Excess of revenue over expenditure	$ —	$ —

HALIFAX REGIONAL SCHOOL BOARD

Schedule of Trust Funds
March 31, 2001

	George Perrin	Christopher Maxwell	Abbie J Lane	Doane Hatfield	Annie M Piercey	James R Pineo	Almar H Shatford	Mengie Shulma	arold T Barrett	Carl & Rita Turner	Donald Keith	Madeline Lepage Godin	Spryfield Auxiliary	2001 Total	2000 Total
Cash	$ 1,858	$ 68	$ 370	$ 60	$ 325	$ 31,140	$ 2,998	$ 4,856	$ 1,919	$ 4,566	$ 8,573	$ 7	$ 3,381	$ 60,121	$ 38,297
Restricted cash	10,000	500	8,500	500	5,000	—	16,317	—	10,000	—	—	5,000	—	55,817	44,340
Due to General Fund . .	(1,000)	(37)	—	—	—	(20,100)	(1,200)	(975)	—	(1,000)	(692)		—	(25,004)	(21,969)
Due from General Fund . .	—	—	1,452	16	325	—	—	—	—	—	—		—	1,793	11,343
Investments . .	—	—	—	—	—	100,000	—	—	—	—	—		—	100,000	113,500
	$ 10,858	$ 531	$ 10,322	$ 576	$ 5,650	$ 111,040	$ 18,115	$ 3,881	$ 11,919	$ 3,566	$ 7,881	$ 5,007	$ 3,381	$ 192,727	$ 185,511
Equity	$ 10,858	$ 531	$ 10,322	$ 576	$ 5,650	$ 111,040	$ 18,115	$ 3,881	$ 11,919	$ 3,566	$ 7,881	$ 5,007	$ 3,381	$ 192,727	$ 185,511
Balance, beginning of year	$ 10,713	$ 518	$ 9,952	$ 546	$ 5,325	$ 111,597	$ 17,065	$ 4,092	$ 11,271	$ 3,818	$ 7,417	$ —	$ 3,197	$ 185,511	$ 188,062
Donations	—	—	—	—	—	—	—	—	—	—	—	5,000	—	5,000	—
Other	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,269
Interest earned	645	31	370	30	325	10,443	1,050	264	648	248	464	7	184	14,709	12,849
	11,358	549	10,322	576	5,650	122,040	18,115	4,356	11,919	4,066	7,881	5,007	3,381	205,220	204,180
Awards paid . .	(500)	(18)	—	—	—	(11,000)	—	(475)	—	(500)	—	—	—	(12,493)	(18,669)
Balance, end of year	$ 10,858	$ 531	$ 10,322	$ 576	$ 5,650	$ 111,040	$ 18,115	$ 3,881	$ 11,919	$ 3,566	$ 7,881	$ 5,007	$ 3,381	$ 192,727	$ 185,511

AUDITOR'S REPORT

To the Shareholder of Highway 104
Western Alignment Corporation

We have audited the balance sheet of Highway 104 Western Alignment Corporation as at March 31, 2001, and the statements of loss and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

GRANT THORNTON LLP
Chartered Accountants

Halifax, Canada
June 15, 2001

HIGHWAY 104 WESTERN ALIGNMENT

Statement of Loss and Deficit
for the 12 Periods Ending March 31, 2001

		2001		2000
Revenue				
Facility revenue	$	11,565,742	$	11,004,086
Interest income		598,041		465,247
		12,163,783		11,469,333
Expenses				
Bondholder representative fees		98,015		95,345
Trustee fees		28,769		29,442
Salaries and benefits		163,211		157,197
Office		47,561		38,921
General and administrative		139,533		142,923
Enforcement		60,000		60,000
Independent engineer		33,837		39,028
Routine maintenance		776,009		656,504
Facility operations		1,508,095		1,421,901
Transponders		49,801		52,669
		2,904,831		2,693,930
Earnings before other items		9,258,952		8,775,403
Other Items				
Government assistance amortization (Note 2)		1,040,766		991,206
Amortization and depreciation		(2,455,511)		(2,347,437)
Interest on long term debt		(8,163,047)		(8,205,233)
Net loss	$	(318,840)	$	(786,061)
Deficit, beginning of year	$	(5,609,892)	$	(7,529,068)
Net loss		(318,840)		(786,061)
Transfer (to) from reserve for restricted assets (Note 10)		(2,742,581)		2,705,237
Deficit, end of year	$	(8,671,313)	$	(5,609,892)

See accompanying notes to the financial statements.

HIGHWAY 104 WESTERN ALIGNMENT

Balance Sheet
March 31, 2001

ASSETS

	2001	2000
Project bank accounts	$ 479,609	$ 356,139
Inventory	24,533	26,645
Prepaids (Note 3)	316,518	259,354
Receivables (Note 4)	145,503	597,266
Restricted assets (Note 5)	10,541,555	7,798,974
Facility (Note 6)	117,521,362	119,662,832
Deferred costs (Note 7)	832,069	981,385
	$ 129,861,149	$ 129,682,595

LIABILITIES

	2001	2000
Payables and accruals	$ 328,205	$ 850,976
Deferred revenue	497,018	481,748
Long term debt (Note 8)	80,779,637	78,733,976
Payable to the Province of Nova Scotia (Note 9)	250,000	250,000
Deferred government assistance (Note 2)	52,156,372	53,197,138
	134,011,232	133,513,838

SHAREHOLDERS' DEFICIENCY

	2001	2000
Capital stock, one no par value share issued and outstanding in favour of the Province of Nova Scotia	1	1
Reserve for restricted assets (Note 10)	4,521,229	1,778,648
Deficit	(8,671,313)	(5,609,892)
	(4,150,083)	(3,831,243)
	$ 129,861,149	$ 129,682,595

Commitments and contractual obligations (Note 12)

See accompanying notes to the financial statements.

HIGHWAY 104 WESTERN ALIGNMENT CORPORATION

Statement of Cash Flows
Year ended March 31, 2001

		2001		2000
Increase (decrease) in cash and cash equivalents				
Operating				
Net loss	$	(318,840)	$	(786,061)
Government assistance amortization		(1,040,766)		(991,206)
Amortization of deferred financing fees		35,434		35,434
Amortization and depreciation		2,455,511		2,347,437
		1,131,339		605,604
Change in non-cash operating working capital (Note 11)		(110,790)		(1,563,217)
		1,020,549		(957,613)
Financing				
Increase (decrease) in long term debt, net		2,045,661		(1,915,069)
Investing				
(Increase) decrease in restricted assets		(2,742,581)		2,705,237
Warranty settlement		---		362,668
Construction of facility		(200,159)		(351,187)
		(2,942,740)		2,716,718
Net increase (decrease) in cash and cash equivalents		123,470		(155,964)
Cash and cash equivalents, beginning of year		356,139		512,103
Cash and cash equivalents, end of year	$	479,609	$	356,139

See accompanying notes to the financial statements.

Notes to the Financial Statements
March 31, 2001

1. Nature of operations

The Corporation has been established for the purpose of financing, design, construction, operation and maintenance of the Facility consisting mainly of a 45 km stretch of highway (referred to as the Highway 104 Western Alignment) between Masstown and Thomson Station in the Counties of Colchester and Cumberland, Nova Scotia.

2. Summary of significant accounting policies

Pre-operating and operating periods
The pre-operating period was the twenty month construction period commencing April 1, 1996 until the date of acceptance in November 1997. Operations began December 1, 1997.

Facility
The Facility consists of the highway referred to as the Highway 104 Western Alignment and the toll plaza constructed on the highway. The costs of the facility include certified progress payments to the Facility's contractor, independent engineer fees, professional fees and interest costs incurred during the pre-operating period. These costs are being amortized commencing at the start of the operating period until March 31, 2026 using the sinking fund method with an annual compounding rate of 5%.

Deferred costs - start up
Administrative expenses incurred during the pre-operating period have been deferred as start-up costs and are being amortized to operations, on a pro-rata basis, over a five year period commencing at the start of the operating period.

Deferred costs - financing fee
Financing, commitment and bondholder representative fees related to the establishment and placement of the senior and junior toll revenue bonds have been deferred and are being amortized to operations over the term of the related bond debt commencing at the start of the operating period.

Deferred government assistance
Government assistance provided by the Province of Nova Scotia has been recorded as a deferral and is being amortized to operations over thirty years commencing at the start of the operating period using the sinking fund method with an annual compounding rate of 5%.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Use of estimates
In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

3. Prepaids

	2001	2000
Operating expenses	$ 31,275	$ 29,946
Advance to operator	285,243	229,408
	$ 316,518	$ 259,354

4. Receivables

	2001	2000
Harmonized Sales Tax	$ 44,448	$ 61,305
Other	101,055	535,961
	$ 145,503	$ 597,266

5. Restricted assets

	Cash	Investment	2001 Total	2000 Total
Senior debt service reserve account	$ 701	$ 5,639,430	$ 5,640,131	$ 4,770,505
Capital reserve account	(1,524,734)	4,645,882	3,121,148	1,818,293
Major maintenance reserve account	142,924	1,637,352	1,780,276	1,210,176
	$ (1,381,109)	$ 11,922,664	$ 10,541,555	$ 7,798,974

Investments are recorded at costs, have a weighted average term of 6.04 months to maturity and a weighted average interest rate of 5.57%. The market value of the investments approximates the carrying value.

The following restricted accounts have been established in accordance to trust indenture agreements between the Corporation and the senior and junior bondholders and an Omnibus Agreement between the Corporation and the Province of Nova Scotia:

(i) The capital reserve account has been established to provide funds to pay the interest and principal on the senior and junior bonds and the subordinated notes. These funds are also available to pay the trustee and bondholders' representative fees to the extent they are not paid out of the project account. This account provides funding to the major maintenance reserve and the senior debt reserve accounts. The capital reserve account is funded from excess funds transferred from the project bank accounts of the Corporation.

(ii) The senior debt reserve account has been established to provide a reserve of funds to be available for payments as they come due for the senior toll revenue bonds. Funds can only be transferred from this fund when funds in the capital reserve account are insufficient to pay senior toll revenue bond payments. The account should maintain sufficient reserves equal to 12 months principal and interest payments due on the senior toll revenue bonds. The replenishment of the reserve comes from the capital reserve account.

(iii) The major maintenance reserve account has been established for the purpose of paying major maintenance repair and rehabilitation expenses. This reserve is funded from the capital reserve account in accordance with a maintenance budget recommended by the Independent Engineer through the terms of the major maintenance reserve fund agreement.

6. Facility

	Cost	Accumulated Depreciation	2001 Net book Total	2000 Net book Total
Facility	$ 124,619,429	$ 7,098,067	$ 117,521,362	$ 119,662,832

7. Deferred costs

	2001	2000
Start up	$ 189,803	$ 303,685
Financing fees	642,266	677,700
	$ 832,069	$ 981,385

8. Long term debt

	2001	2000
Senior toll revenue bonds bearing interest at 10.13%, maturing March 31, 2026, repayable in partial interest payments from June 30, 1998 until March 31, 2006 and then 80 equal blended quarterly payments of interest and principal of $2,251,191. Interest from the date of issue has been capitalized as part of the principal and continued to be fully capitalized until June 30, 1998. As security, the Corporation has provided an assignment of all the present and future property and assets, including rights to operate the Facility, a security interest in the Debt Service Reserve Account and the Major Maintenance Reserve Account.	$ 68,537,574	$ 66,491,913
Junior toll revenue bonds bearing interest at 10.76%, maturing March 31, 2011, repayable in interest payments only from June 30, 1998 until March 31, 2001 and then 40 equal blended quarterly payments of principal and interest of $503,395. Interest from the date of issue has been capitalized as part of the principal and continued to be capitalized until June 30, 1998. As security, the Corporation has assigned a second charge security interest in all security pledged to senior toll revenue bondholders.	12,242,063	12,242,063
	$ 80,779,637	$ 78,733,976

Minimum principal repayments required will begin in year 2002 and are as follows:

2002	$ 725,017
2003	806,236
2004	896,554
2005	996,970
2006	1,108,652

9. Payable to the Province of Nova Scotia

On the date of acceptance, the Province advanced $250,000 to the Corporation to facilitate the Provincial subsidy. Under the First Amendment to the Omnibus Agreement, the Province reduced the tolls for transponder users and created a Provincial subsidy payable to the Corporation to offset the reduction. The advance is to be repaid to the Province on the earlier of the date when the toll rates are reinstated to the original rates laid out in the Omnibus Agreement or when the Corporation has fully extinguished its obligations under the Senior and Junior Bond Indentures.

10. Reserve for restricted assets

The capital reserve account is to be funded from excess funds in the Project Bank Account. In addition, any interest earned on restricted assets forms part of the reserve account.

	2001	2000
Reserve for restricted assets, beginning of year	$ 1,778,648	$ 4,483,885
Transfers from project account	8,690,000	8,405,000
Interest income	564,321	440,335
Long term debt payments, including interest	(6,081,952)	(10,084,868)
Rebate to Province	(429,788)	(1,465,704)
	2,742,581	(2,705,237)
Reserve for restricted assets,end of year	$ 4,521,229	$ 1,778,648

11. Supplemental cash flow information

	2001	2000
Change in non-cash operating working capital		
Inventory	$ 2,112	$ (12,431)
Prepaids	(57,164)	(67,106)
Receivables	451,763	(422,086)
Payables and accruals	(522,771)	(1,095,390)
Deferred revenue	15,270	33,796
	$ (110,790)	$ (1,563,217)
Cash and cash equivalents consist of:		
Cash on hand and balances with banks	$ 476,609	$ 356,139
Interest paid	$ 6,081,952	$ 6,084,868

12. Commitments and contractual obligations

The Corporation has entered into the following agreements to finance, design, construct, operate and maintain the Highway 104 Western Alignment:

- **Omnibus Agreement**
  Agreement dated April 1, 1996, between the Corporation, the Contractor, the Operator and the Province of Nova Scotia to design, finance, construct, operate and maintain the Highway 104 Western Alignment. This agreement acknowledges that the Corporation has entered into a Design Build Agreement and an Operating Agreement to fulfil its obligations to the Province.

  Under this agreement, the Province of Nova Scotia retains ownership of the Facility, however, the Corporation is granted the right to operate and collect tolls for a thirty-year period, at which time this right will revert back to the Province.

  The Province contributed $55,000,000 to the project.

- **Operating Agreement**
  Agreement dated May 22, 1996 between the Corporation and Atlantic Highways Management Corporation (the Operator) whereby the Operator is required to operate the Facility which includes the toll collection system, toll plaza and the administration building.

  Operator compensation is based on the annual operating budget plus a variable fee, subject to adjustment under certain conditions, equal to 10% of the total annual budget.

- **Major Maintenance Reserve Fund Agreement**
  Agreement between the Corporation, the Trustee and the Bondholders' Representative to provide for the major maintenance work required during the operating period of the Facility. The Agreement requires the Corporation, on an annual basis, to engage an independent engineer to report on all major maintenance work to be completed in the upcoming year, as well as a major maintenance budget to determine the required annual amount to be deposited in the Major Maintenance Reserve Account. The maximum annual fee is $50,000.

  The estimated deposits required to fund anticipated major mainenance for the next five years are as follows:

2002	$	582,500
2003		620,000
2004		620,000
2005		620,000
2006		620,000

- **Annual Roadway Maintenance Agreement**
  Five year agreement between the Corporation and the Department of Transportation and Public Works of the Province of Nova Scotia to provide annual roadway maintenance services for an annual fee of $650,000 commencing April 1, 1999 and subsequently adjusted thereafter for inflation.

- **Other**
  The Corporation has also entered in various operating lease agreements for equipment and office space. The minimum lease payments for the next five years are as follows:

2002	$	27,265
2003		27,265
2004		27,265
2005		27,265
2006		18,177

AUDITOR'S REPORT

To the Members of the Legislative Assembly; and

To the Minister of Economic Development

I have audited the balance sheet of the Industrial Expansion Fund as at March 31, 2001, and the statement of continuity of fund for the year then ended. These financial statements are the responsibility of the Nova Scotia Business Development Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

These financial statements reflect proposed write-offs of assistance outstanding of $3,958,000 which were yet to be approved by Governor in Council as required under Section 23 of the Provincial Finance Act.

In my opinion, except for the effect of adjustments, if any, which might be determined to be necessary should Governor in Council not approve the amounts for write-off, these financial statements present fairly, in all material respects, the financial position of the fund as at March 31, 2001 and the continuity of fund for the year then ended in accordance with the basis of accounting required by Section 8 of the Industrial Development Act and the accounting policies detailed in Note 2 to the financial statements.

E.R. SALMON, FCA
Auditor General

Halifax, Nova Scotia
June 6, 2001

INDUSTRIAL EXPANSION FUND

Balance Sheet
March 31, 2001

ASSETS

	2001	2000
		(in thousands)
Financial Assets, at cost		
Loans - Industrial Development Act	$ 55,814	$ 69,689
Loans - Venture Corporations Act (Note 3)	2,086	2,127
Royalty rights (Note 4)	15,641	15,632
Shares (Note 5)	11,274	10,107
	84,815	97,555
Less: Provision for concessionary assistance (Note 6)	29,162	35,588
Allowance for doubtful accounts	8,453	9,680
	37,615	45,268
	47,200	52,287
Due from Consolidated Fund		
Guarantees (Note 7)	99,456	147,150
Less: Provision for payments under guarantees	4,616	3,349
	94,840	143,801
Assistance authorized but unadvanced (Note 8)	2,852	13,519
	97,692	157,320
	$ 144,892	$ 209,607

FUNDING AUTHORIZED AND COMMITTED

	2001	2000
Authorized, net of write-offs		
Industrial Development Act	$ 299,024	$ 311,967
Venture Corporations Act	5,685	5,685
Contributed surplus (Note 9)	1,138	1,138
	305,847	318,790
Less: Provision for concessionary assistance and possible losses on assistance (Note 10)	42,231	48,617
Net Fund balance	263,616	270,173
Less: Uncommitted balance of fund	118,724	60,566
	$ 144,892	$ 209,607

Contingency (Note 11)

See accompanying notes to financial statements.

INDUSTRIAL EXPANSION FUND

Statement of Continuity of Fund
Under the Industrial Development Act

March 31, 2001

	2001	2000
	(in thousands)	
Balance, beginning of year	$ 311,967	$ 332,449
Deduct: Accounts written off	12,943	20,482
Balance, end of year	$ 299,024	$ 311,967
Comprising:		
Loans, shares, rights and other assets	$ 81,661	$ 94,360
Guarantees in effect and utilized (Note 7)	85,056	40,767
Loans and other investments authorized but unadvanced, and guarantees in effect but not utilized	17,252	119,902
Uncommitted balance	115,055	56,938
	$ 299,024	$ 311,967

Statement of Continuity of Fund
Under the Venture Corporations Act

March 31, 2001

	2001	2000
Balance, beginning of year	$ 5,685	$ 5,685
Deduct: Accounts written off	—	—
Balance, end of year	$ 5,685	$ 5,685
Comprising:		
Loans advanced	$ 2,086	$ 2,127
Uncommitted balance	3,599	3,558
	$ 5,685	$ 5,685

Statement of Continuity of Fund
Under the Terms of the Canada-Nova Scotia
Development Fund Agreement

March 31, 2001

	2001	2000
Balance, beginning of year	$ 1,138	$ 1,138
Deduct: disposal of acquired assets	—	—
Balance, end of year	$ 1,138	$ 1,138
Comprising:		
Loans advanced	$ 1,068	$ 1,068
Uncommitted balance	70	70
	$ 1,138	$ 1,138

See accompanying notes to financial statements.

INDUSTRIAL EXPANSION FUND

Notes to the Financial Statements
March 31, 2001

1. Authority

The Industrial Expansion Fund was established under the Industrial Development Act. The Fund is used for the purposes of establishing, assisting, developing or expanding industries in the Province.

The Business Development Corporation Act provides that the Industrial Expansion Fund may be administered by the Nova Scotia Business Development Corporation. A ministerial letter of assignment was issued authorizing the Corporation to administer the Industrial Expansion Fund as it related to the accounts sent to the Corporation for administration from time to time. The Corporation's activities are administered through a division of the Nova Scotia Department of Economic Development.

2. Accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles modified by paragraphs (a), (b) and (c) below. Paragraphs (d), (e) and (f) describe significant accounting policies of the Fund.

Administrative expenses and interest revenue

(a) Administrative expenses of the Fund, and revenues earned on guarantees are included in the accounts of the Department of Economic Development are not reflected in the financial statements. In addition, accrued loan interest is not recognized as a receivable in the financial statements of the Fund. Interest and other income earned on loans and shares is included in the accounts of the Department of Finance and are not reflected in the financial statements.

Statement of cash flows

(b) A statement of cash flows is not provided since disclosure in the statements of continuity of the fund and the balance sheet are considered adequate.

Current assets

(c) Payments receivable within one year of the balance sheet date are not segregated and classified as current assets.

Provision for concessionary assistance

(d) The Fund provides for the effect of the decrease in the valuation of certain loans and shares due to assistance being provided with concessionary terms.

Allowance for doubtful accounts

(e) The Fund provides for possible losses on guarantees authorized, loans receivable, shares and other assets on an item-by-item basis.

Royalty rights

(f) Royalty rights are valued at cost. The value of these rights is assessed annually by estimating the net present value of anticipated cash flows. If the carrying value of the right exceeds the net present value of future cash flows, the right is written down to the net present value.

Use of estimates

(g) The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Venture Corporation Act

The Venture Corporations Act was assented to June 5, 1980 and came into force January 28, 1981. This Act was enacted to provide a means of encouraging investment in small businesses in Nova Scotia.

A company that qualifies as a venture corporation may receive loans under this Act. Loan proceeds must be used to purchase shares or grant unsecured loans to eligible small businesses. Principal repayments and accrual of interest are not required to commence until the tenth anniversary of such loans.

The Act directs that money provided shall be financial assistance within the meaning of the Industrial Development Act, and payments made pursuant to the Act shall be made out of the Industrial Expansion Fund.

During the year $40,000 (2000 - $61,500) was received.

	2001	2000
	(in thousands)	
Loans made to venture corporations	$ 2,086	$ 2,127
Less: Allowance for doubtful accounts	1,856	1,671
	$ 230	$ 456

4. Royalty rights

During the year, the Fund provided funds of $9,000 (2000 - $5,641,000) to companies under royalty agreements to provide a return on its investment. The royalty payments are based upon net sales of the companies.

5. Shares

	2001	2000
	(in thousands)	
Preferred shares	$ 7,384	$ 7,384
Common shares	3,890	2,723
	$ 11,274	$ 10,107

Shares are recorded at cost. Any provision for the decline of fair market value below the cost of shares has been included in the allowance for doubtful accounts.

6. Provision for concessionary assistance

The provision for concessionary assistance is the difference between the net present value at year end of the anticipated future repayments to be received by the Fund and the amount of assistance advanced to an economic entity on the usual established commercial terms of the Fund.

The terms of concessionary assistance provided by the Fund has included low interest rates, extended repayment terms and forgiveness clauses. This assistance is recorded at cost and reduced by the Provision for Concessionary Assistance. Any adjustments to or recovery of the net present value of this assistance in subsequent years is reflected in the Provision for Concessionary Assistance.

The assistance outstanding, provision for concessionary assistance and net book value related to loans and shares are as follows:

	2001			2000
	Assistance Outstanding	Provision for Concessionary Assistance	Net Book Value	Net Book Value
				(in thousands)
Loans	43,031	26,567	$ 16,464	$ 18,725
Shares	3,884	2,595	1,289	1,289
	46,915	29,162	$ 17,753	$ 20,014

7. Guarantees

Guarantees have been provided for the following purposes:

	2001	2000
		(in thousands)
Authorized Bank loan guarantees	$ 99,456	$ 147,150
In effect and utilized Bank loan guarantees	$ 85,056	$ 40,767
In effect but not utilized	14,400	106,383
	$ 99,456	$ 147,150

During the year, no guarantees were paid out.

8. Assistance authorized but unadvanced

	2001	2000
		(in thousands)
Loans	$ 2,852	$ 12,352
Shares	—	1,167
	$ 2,852	$ 13,519

9. Contributed Surplus

Contributed surplus represents the balance of funds provided to the Industrial Expansion Fund for the purpose of providing assistance in accordance with the terms of the Canada-Nova Scotia Development Fund Agreement. Loans granted under this agreement require Federal Government approval before they can be written-off or forgiven. The Province has asked for permission to write-off the loans, as of the auditors' report date there has been no response from the Federal Government.

10. Provision for concessionary assistance and possible losses on assistance

The following is a continuity of the provision:

	2001	2000
	(in thousands)	
Balance, beginning of year	$ 48,617	$ 59,407
Add: Current year provision	6,557	9,692
Deduct: Accounts written-off	12,943	20,482
Balance, end of year	$ 42,231	$ 48,617

11. Contingency

The Fund has entered into agreements which provide for the funding of expenditures incurred by third parties in respect of environmental remediation of contaminated sites. Estimates of the amount of future costs, if any, under these agreements cannot be made with any certainty and are not reflected in the financial statements.

AUDITOR'S REPORT

To the Minister of Health

I have audited the balance sheet of the Insured Prescription Drug Plan Trust Fund as at March 31, 2001, and the statement of revenues and expenses for the year then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Insured Prescription Drug Plan Trust Fund as at March 31, 2001, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Canada.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 9, 2001

INSURED PRESCRIPTION DRUG PLAN TRUST FUND

Balance Sheet
as at March 31, 2001

ASSETS

	2001	2000
Current		
Cash	$ 3,361,635	$ 2,248,043
Receivables		
Seniors	359,189	193,644
Department of Finance	17,468	13,969
Department of Health	1,646,750	22,800
Miscellaneous	69,436	1,367
Investments (Note 2)	10,978,990	9,287,444
	$ 16,433,468	$ 11,767,267

LIABILITIES

	2001	2000
Current		
Payables and accruals	$ 4,251,412	$ 3,803,928
Prepaid Premiums	2,191,851	5,927,431
Payable to Department of Health (Note 3)	9,990,205	2,035,908
	$ 16,433,468	$ 11,767,267

Statement of Revenues and Expenses
for the year ended March 31, 2001

	2001	2000
Revenues		
Seniors		
Premiums paid by seniors	$ 9,056,899	$ 9,336,912
Co-payments to pharmacies	21,478,530	13,409,703
	30,535,429	22,746,615
Department of Health	73,259,771	78,038,920
Investment income	364,554	77,512
	104,159,754	100,863,047
Expenses		
Provider claims	104,159,754	100,863,047
Excess of Revenues over Expenses	$ —	$ —

INSURED PRESCRIPTION DRUG PLAN TRUST FUND

Notes to Financial Statements
March 31, 2001

1. Authority

Seniors' Pharmacare is a voluntary prescription drug insurance plan established, effective April 11, 1995, by Order-In-Council 95-557 and amended by Order-In-Council 2000-471 effective April 11, 2000. Contributions made by seniors and government are placed in the Insured Prescription Drug Plan Trust Fund and are used to pay Seniors' Pharmacare program costs. Principle features of the Pharmacare program are:

- Participation in the pharmacare program is optional. Eligible seniors must be 65 years of age and not already have coverage under other government programs or primary drug coverage through a contract of insurance.
- Eligible seniors are required to pay an annual premium of $215 plus a co-payment fee of 33% of prescription costs to a maximum of $350 per year. Annual premiums are waived for low-income seniors.
- The Department of Health is responsible for funding program costs net of recoveries from seniors and other income.

2. Significant Accounting Policies

Investments

Investments consist of government and corporate bonds, and short-term investments. All investments are carried at cost which approximates market value.

Premium Revenues

Premium revenues are recorded on the accrual basis.

Claim Expenses

Claim expenses are recorded on the accrual basis. Claims, submitted by providers, are subject to audit by the program administrators. Any adjustments to claims as a result of these audits are recorded in the year of settlement.

Administration of Program

Maritime Medical Care Inc. administers Seniors' Pharmacare on behalf of the Department of Health, on a cost recovery basis. Administration costs for the year are paid by the Province of Nova Scotia and are not reported in these financial statements.

3. Payable to Department of Health

This payable consists primarily of excess funding from the Department of Health at year end as follows:

		2001	2000
Payable (Receivable) to Department of Health, beginning of year		$ 2,035,908	$ (7,175,172)
Add:	Payments from Department of Health	81,214,068	87,250,000
Less:	Net program expenses	(73,259,771)	(78,038,920)
Payable to Department of Health, end of year		$ 9,990,205	$ 2,035,908

AUDITORS' REPORT

To the Board of The Izaak Walton Killam Grace
Health Centre for Children, Women & Families

We have audited the balance sheet of The Izaak Walton Killam Grace Health Centre for Children, Women & Families as at March 31, 2001 and the statements of operations, fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Health Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Health Centre as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

GRANT THORNTON LLP
Chartered Accountants

Halifax, Canada
June 1, 2001

THE IZAAK WALTON KILLAM GRACE HEALTH CENTRE FOR CHILDREN, WOMEN & FAMILIES

Balance Sheet
March 31, 2001

ASSETS

	2001	2000
Current		
Cash and cash equivalents	$ 12,243,000	$ 11,137,000
Receivables (Note 3)	11,763,000	10,580,000
Receivable from the Health Centre Foundations	284,000	640,000
Inventories	926,000	949,000
Prepaids	519,000	481,000
	25,735,000	23,787,000
Retirement allowance receivable (Note 10)	6,113,000	5,337,000
Property and equipment (Note 4)	104,068,000	102,797,000
Investments, at cost (Note 5)	—	1,987,000
	$ 135,916,000	$ 133,908,000

LIABILITIES

	2001	2000
Current		
Payables and accruals (Note 6)	$ 15,558,000	$ 14,899,000
Deferred revenue - DOH advance	4,219,000	4,071,000
	19,777,000	18,970,000
Retirement allowance (Note 10)	6,113,000	5,337,000
Appropriations and reserves (Note 8)	5,958,000	6,819,000
	31,848,000	31,126,000

FUND BALANCES (Page 237)

	2001	2000
Capital Fund	104,068,000	102,797,000
Operating Fund (deficiency)	—	(15,000)
	104,068,000	102,782,000
	$ 135,916,000	$ 133,908,000

Contingency (Note 13)

See accompanying notes to the financial statements.

THE IZAAK WALTON KILLAM GRACE HEALTH CENTRE
FOR CHILDREN, WOMEN & FAMILIES

Statement of Operations
Year ended March 31, 2001

	2001	2000
Revenue		
Inpatient, outpatient and clinics	$ 96,548,000	$ 94,220,000
Department of Community Services	2,156,000	2,138,000
Rentals, recoveries and sales	5,873,000	4,876,000
Mental health	5,694,000	5,738,000
Grants from Health Centre Foundations	339,000	150,000
	110,610,000	107,122,000
Expenses		
Children's acute and continuing care	16,304,000	16,162,000
Children's acute and emergency care	15,177,000	14,691,000
Maternal and newborn health	22,808,000	22,834,000
Mental health services	7,678,000	7,531,000
Women's health	4,177,000	3,945,000
Maritime health and partnership	349,000	460,000
Professional and academic	13,007,000	13,294,000
Operations and support	27,954,000	26,130,000
Executive offices and administration	801,000	842,000
Non portable	1,232,000	1,248,000
	109,487,000	107,137,000
Net income (loss) from operations	$ 1,123,000	$ (15,000)

See accompanying notes to the financial statements.

THE IZAAK WALTON KILLAM GRACE HEALTH CENTRE FOR CHILDREN, WOMEN & FAMILIES

Statement of Fund Balances
Year ended March 31, 2001

	2001	2000
Capital Fund		
Balance, beginning of year	$ 102,797,000	$ 102,817,000
Funding for capital additions		
Specified donations for equipment	23,000	112,000
DOH Y2K funding	—	1,208,000
Transfers from appropriations and reserves	7,006,000	5,269,000
Transfer from operations	1,108,000	—
	8,137,000	6,589,000
Capital debt repayment	(198,000)	(209,000)
Depreciation	(6,668,000)	(6,400,000)
	(6,866,000)	(6,609,000)
Balance, end of year	$ 104,068,000	$ 102,797,000
Operating Fund Deficiency		
Balance, beginning of year	$ (15,000)	$ (13,457,000)
Funding from Department of Health	—	13,457,000
Net income (loss) from operations	1,123,000	(15,000)
Transfer to capital fund	(1,108,000)	—
Balance, end of year	$ —	$ (15,000)

See accompanying notes to the financial statements.

THE IZAAK WALTON KILLAM GRACE HEALTH CENTRE FOR CHILDREN, WOMEN & FAMILIES

Statement of Cash Flows
Year ended March 31, 2001

	2001	2000
Increase (decrease) in cash and cash equivalents		
Operating		
Net income (loss) for the year	$ 1,123,000	$ (15,000)
Loss on sale of investments	(114,000)	(19,000)
	1,009,000	(34,000)
Change in non-cash operating working capital (Note 12)	(808,000)	(3,565,000)
	201,000	(3,599,000)
Financing		
Accumulated deficit covered by Department of Health	—	13,457,000
Net distribution of General Fund	—	(1,268,000)
Capital debt repayment	(198,000)	(209,000)
Capital grants	1,172,000	1,667,000
Specified donations for equipment	23,000	112,000
Y2K Capital financing	—	1,208,000
Transfers from appropriations and reserves	5,834,000	3,602,000
	6,831,000	18,569,000
Investing		
Proceeds on sale of investments, net of purchases	2,101,000	207,000
Purchase of property and equipment	(7,939,000)	(6,380,000)
Employee advances	(88,000)	130,000
	(5,926,000)	(6,043,000)
Net increase in cash and cash equivalents	1,106,000	8,927,000
Cash and cash equivalents		
Beginning of year	11,137,000	2,210,000
End of year	$ 12,243,000	$ 11,137,000

See accompanying notes to the financial statements.

THE IZAAK WALTON KILLAM GRACE HEALTH CENTRE
FOR CHILDREN, WOMEN & FAMILIES

Notes to the Financial Statements
March 31,2001

1. Purpose of Organization

The IWK Grace Health Centre provides quality care for children, women and families in the three Maritime Provinces and beyond. It is a tertiary care health centre dedicated to family-centred care, education, research and health promotion. The IWK Grace Health Centre offers a broad range of health services to women, children, and their families. The IWK Grace Health Centre is committed to helping children and women in the Maritimes be the healthiest in the world.

The IWK Grace Health Centre is a not-for-profit organization under the Income Tax Act.

Effective April 1, 2001, the Board of Directors has approved a motion to change the name of the Izaak Walton Killam Grace Health Centre for children, Women and Families to the Izaak Walton Killam Health Centre.

2. Summary of significant accounting policies

Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the amounts recorded in the financial statements. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand balances with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Inventories

Inventories are valued at the lower of cost and replacement cost.

Property and equipment

Property and equipment assets are stated at cost. Depreciation is provided on the straight-line basis over the expected useful life of the asset as determined by the Canadian Hospital Accounting Manual:

Buildings and service equipment	2% to 2.5%
Major equipment	
Shareable, various	5% to 20%
Non-shareable, various	5% to 20%

Investments

All investments are recorded at cost except donated investments which are recorded at values assigned at date of acquisition.

Appropriations and reserves

Appropriations and reserves represent the balance of unexpended funds allocated for approved research, capital equipment and special purposes.

Donations

Specified donations transferred from the Foundations are recorded as direct additions either to appropriations and reserves or funds held in trust, depending on the source or specified purpose thereof.

Employee benefits

The Health Centre accrues the estimated liability for its retirement plan, which is payable to its employees in subsequent years in accordance with its policy. The retirement allowance is actuarially determined using the projected benefit method prorated on service.

3. Receivables

	2001	2000
Patients and other accounts receivable, net of allowance for doubtful accounts of $101,000 (2000 - $170,000)	$ 3,901,000	$ 4,286,000
Nova Scotia Department of Health Estimated year end adjustments	7,862,000	6,294,000
	$ 11,763,000	$ 10,580,000

The estimated year end adjustments are comprised of:

Accumulated deficit 1998/1999	$ 2,392,000
Accumulated deficit 2000/2001	3,874,000
Transition support program	1,146,000
Labour adjustment funding	450,000
	$ 7,862,000

The labour adjustment funding was accrued at 1.9% of salaries. As labour negotiations have not yet been finalized, actual amounts may differ from the estimates above.

Of the total receivable from the Nova Scotia Department of Health, as of April 2001, no payments have been received.

4. Property and equipment

			2001	2000
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	$ 3,854,000	$ —	$ 3,854,000	$ 3,854,000
Building and service equipment	105,731,000	22,317,000	83,414,000	83,824,000
Major equipment	31,583,000	14,948,000	16,635,000	14,944,000
Group home	206,000	41,000	165,000	175,000
	$ 141,374,000	$ 37,306,000	$ 104,068,000	$ 102,797,000

5. Investments, at cost

	2001		2000	
	Book Value	Market Value	Book Value	Market Value
Bonds and debentures	$ —	$ —	$ 1,547,000	$ 1,467,000
Canadian stocks	—	—	391,000	491,000
Foreign stocks	—	—	49,000	53,000
	$ —	$ —	$ 1,987,000	$ 2,011,000

Investments in CIBC Mellon were liquidated during the year. The Health Centre has decided not to invest long term until future funding levels have stablilized.

6. Payables and accruals

	2001	2000
Trade payables	$ 7,100,000	$ 5,767,000
Accrued salaries and benefits	6,370,000	7,492,000
Funds held on behalf of others	1,681,000	1,431,000
Nova Scotia Department of Health	407,000	209,000
	$ 15,558,000	$ 14,899,000

7. Credit facility

The Health Centre has approved for a line of credit of $2,000,000. At year end, no amount amount has been advanced on the line of credit from the Royal Bank (2000 - $Nil). Any outstanding amount is repayable on demand and bears interest at prime plus 3/4%.

8. Appropriations and reserves

The following is a summary of the amounts in appropriations and reserves:

	2001	2000
Capital		
Air quality renovations	$ —	$ 245,000
Equipment	1,979,000	3,678,000
Capital campaign equipment	211,000	—
General renovations	937,000	343,000
Capital campaign renovations	547,000	—
Civic hospital project	—	258,000
	3,674,000	4,524,000
Board fellowship	214,000	126,000
Windsor fellowship	45,000	63,000
Neonatal fellowship	129,000	129,000
Perinatal database/reproductive endocrine	44,000	68,000
Research funds	1,844,000	1,901,000
Memorial funds	8,000	8,000
	$ 5,958,000	$ 6,819,000

The following is a summary of the continuity of appropriations and reserves:

	2001	2000
Balance, beginning of year	$ 6,819,000	$ 4,287,000
Grants from Health Centre Charitable Foundations	3,155,000	4,570,000
Department of Health funding	2,391,000	1,784,000
Research funding	2,177,000	1,989,000
Capital campaign funding	844,000	—
Transfer from other funds		
General	—	1,268,000
Other funding	162,000	1,089,000
	8,729,000	10,700,000
Transfer to capital fund	(7,006,000)	(5,269,000)
Disbursements		
Research	(2,234,000)	(2,381,000)
Other	(350,000)	(518,000)
	(9,590,000)	(8,168,000)
Balance, end of year	$ 5,958,000	$ 6,819,000

9. Capital debt repayment

As part of the assumption of capital debt by the Nova Scotia Department of Health, the Health Centre is required to make an annual capital debt payment based on its "ability to pay" which is calculated at the annual per capita tax grant and 12 1/2% of the room differential as at March 31, 2000. The Health Centre is required to make this annual payment until the year 2002.

10. Retirement allowances

The Health Centre maintains a non-contributory retirement allowance program offered to employees. The most recent actuarial valuation was conducted as at March 31, 2000. The Province of Nova Scotia has assumed responsibility for funding this liability and a corresponding receivable has been recorded.

Information about the retirement allowance is as follows:

		2001	2000
Accrued benefit obligation			
Balance, beginning year	$	5,579,000 $	—
Adjustment to opening balance for change in accounting policy		—	4,776,000
Current service cost		368,000	340,000
Interest cost		390,000	335,000
Current year loss		—	128,000
Balance, end of year	$	6,337,000 $	5,579,000
Funded status - plan deficit	$	(6,337,000) $	(5,579,000)
Unamortized net actuarial loss		224,000	242,000
Accrued benefit liability recognized	$	(6,113,000) $	(5,337,000)

The Health Centre's net expense for the retirement allowance is as follows:

Retirement allowance	$	776,000 $	684,000

The following actuarial assumptions have been used in the determination of the accrued benefit obligation as at March 31, 2001:

Discount rate	6.56%
Rate of compensation increase	0 - 2.5%
Termination rates	1.2 - 20%

It was also assumed that 50% of employees will retire on the date they are first eligible for an unreduced retirement allowance, and the remainder will retire on their normal retirement date, which is their 65 th birthday.

A retirement allowance is paid in respect of employees who die prior to retirement and, therefore, the mortality rates in accordance with the Group Annuity Mortality Table for 1983 were utilized.

In 2001, the Health Centre adopted the new disclosure requirements for Handbook Section 3461, Employee Future Benefits and, therefore, is now recording a retirement allowance on the financial statements.

As a result, the March 31, 2000 figures have for comparative purposes, been restated from those previously reported in order to properly account for the prior year's adjustment to the retirement allowance as follows:

		Increase
Retirement allowance receivable	$	5,337,000
Retirement allowance payable	$	5,337,000
Inpatient, outpatient and clinics revenue	$	684,000
Operations and support expense	$	684,000

11. **Pension plan**

The Health Centre participates in a multi-employer plan administered by the Nova Scotia Association of Health Organizations. The most recent actuarial valuation was conducted as at December 31, 1998 and indicates a funding surplus. The Health Centre's pension expense for the year amounted to $3,441,000 (2000 - $3,260,000).

12. **Supplement cash flow information**

		2001	2000
Change in non-cash operating working capital:			
Receivables	$	(1,095,000) $	(3,937,000)
Receivable from Health Centre Foundations		356,000	214,000
Inventories		23,000	(128,000)
Prepaids		(38,000)	823,000
Payables and accruals		659,000	(625,000)
Deferred revenue		148,000	(2,444,000)
Appropriations and reserves, net		(861,000)	2,532,000
	$	(808,000) $	(3,565,000)
Cash and cash equivalents consist of:			
Cash on hand and balances with banks	$	12,243,000 $	11,137,000

13. **Contingency**

The Health Centre has been named as a defendant in a legal action relating to malpractice. Counsel is unable to form an opinion regarding the merit of this claim, and therefore it is not possible to estimate a payment amount, if any. However, it is expected that any payment that may arise from this claim would be funded entirely by the liability insurance carrier.

LAW REFORM COMMISSION OF NOVA SCOTIA

Balance Sheet
as at March 31, 2001

ASSETS

		2001
Current Assets		
Petty Cash		25.00
Bank Operating Account	18,014.65	
T-Bill Account	64,495.95	
Total Cash		82,510.60
Prepaid Expenses		352.47
HST Receivable		3,006.69
Total Current Assets		85,894.76
Fixed Assets		
Computer Office Equipment	11,795.83	
Accum Computer Office Equipment	(11,795.83)	
Net Office Equipment		—
Total Fixed Assets		—
Total Assets		85,894.76

LIABILITIES

Current Liabilities		
Accrued Salary		5,322.50
Accrued Vacation Payable		14,357.99
Accounts Payable		42,015.28
UIC Payable	—	
CPP Payable	—	
Income Tax Payable	—	
Receiver General Payable		—
Total Current Liabilities		61,695.77
Total Liabilities		61,695.77

EQUITY

Surplus	
Surplus Beginning of Year	10,608.65
Surplus Current Year	13,590.34
Accumulated Surplus	24,198.99
Total Equity	24,198.99
Liabilities and Equity	85,894.76

LAW REFORM COMMISSION OF NOVA SCOTIA

Income Statement
as at March 31, 2000

Revenue		
Operating & Project Income		
Dept. of Justice		150,000.00
NS Law Foundation Contribution		100,000.00
Interest Income		4,309.29
Total Contributions		254,309.29
Total Revenue		254,309.29
Expense		
Administrative Expenses		
Wages	168,541.91	
Vacation Earned	14,357.99	
EI	898.35	
CPP	943.56	
Group Insurance Expense	1,480.80	
Total Personnel Related		186,222.61
Advertising		294.12
Non Legal Consultants Fees		2,697.40
Commissioners Fees & Expenses		6,618.22
Electrical Expense		901.20
Meeting Costs		110.64
Library		945.85
Accounting Fees		125.00
Membership Fees		331.65
Professional Fees		656.65
Computer Repairs		224.00
Internet		345.00
Rent	18,358.56	
Office Equipment Rental	2,687.40	
Insurance	532.00	
Total Premises Related		21,577.96
Office Supplies	1,299.41	
Photocopy/Printing	7,769.60	
Postage & Courier	1,697.65	
Telephone Expense	3,398.39	
Travel/Conference/Workshop	2,221.42	
Office Equipment Maintenance	72.45	
Total Office Related		16,458.92
Bank Charges		202.61
HST Paid on Purchases		3,006.43
GST Paid on Purchases		0.69
Total Administration		240,718.95
Total Expense		240,718.95
Net Income	$	13,590.34

AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the Statement of Net Assets Available for Benefits and Accrued Pension Benefits established under the Members' Retiring Allowances Act as at March 31, 2001 and the Statement of Changes of Net Assets Available for Benefits for the year then ended. These financial statements are the responsibility of the Department of Finance. My responsibility is to express an opinion on the financial statement based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits of the accounts established under the Members' Retiring Allowances Act as at March 31, 2001 and changes in net assets available for benefits for the period then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
June 8, 2001

THE MEMBERS' RETIRING ALLOWANCES ACT

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AND ACCRUED PENSION BENEFITS
as at March 31, 2001

	2001	2000
NET ASSETS AVAILABLE FOR BENEFITS		
Assets		
Receivable from the Consolidated Fund	45,513,800	43,747,500
Liabilities		
Accounts payable and accruals	7,000	25,500
Net assets Available for Benefits	$ 45,506,800	$ 43,722,000
ACCRUED PENSION BENEFITS (Note 3)	$ 45,506,800	$ 43,722,000

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
for the Year Ended March 31, 2001

	2001	2000 (Restated Note 2 (b))
Increase in Assets		
Interest	$ 3,650,126	$ 3,653,957
Contributions		
Members' - matched	275,768	294,034
Government - matched	275,768	294,034
Members' - unmatched	16,752	---
Government - unmatched (Note 3)	816,275	868,530
Total increase in assets	5,034,689	5,110,555
Decrease in Assets		
Allowances (pensions)	2,850,613	2,731,572
Professional services	7,013	34,632
Refunds - contributions	45,036	76,672
- interest	3,088	1,766
Total decrease in assets	2,905,750	2,844,642
Increase in Net Assets before Actuarial Adjustment	2,128,939	2,265,913
Actuarial adjustment (Note 3)	(344,139)	(2,212,713)
Increase in Net Assets after Actuarial Adjustment	1,784,800	53,200
Net Assets Available for Benefits at Beginning of Year	43,722,000	43,668,800
Net Assets Available for Benefits at End of Year	$ 45,506,800	$ 43,722,000

(See accompanying notes to financial statements)

THE ACCOUNTS ESTABLISHED UNDER THE MEMBERS' RETIRING ALLOWANCES ACT

Notes to Financial Statement
for the year ended March 31, 2001

1. Authority and Description of Plan

Members of the House of Assembly are entitled to receive allowances pursuant to provisions of the Members' Retiring Allowances Act. The Act, as amended November 25, 1993, establishes in the Consolidated Fund of the Province a Members' Retiring Allowance Account and a Members' Supplementary Retiring Allowance Account to which members and government contributions and interest are credited, and payments to pensioners and terminating members are charged. If at any time the balances of the accounts are insufficient to make required payments, an amount will be credited to the accounts from the Consolidated Fund.

Members contribute 10% of indemnities, allowances and salaries and the Province contributes an equal amount. Contributions cease after 15 years. Pensions are paid on the basis of the average indemnities, allowances and salaries for the three years, at the rate of 5% for each year for which contributions were made. As of November 25, 1993 there is no longer a minimum retiring allowance.

There are 52 Members of the Legislative Assembly. At year end, 47 were contributors to the accounts, one seat was vacant, and, the remaining four members had reached the 15 year maximum contributory service. There are also 101 allowances in pay at March 31, 2001 to former Members of the Legislative Assembly, surviving spouses and/or dependant children.

A member qualifies for benefits on ceasing to be a member after having served five years during two or more General Assemblies, and having attained age 55 (increased from age 50 as of November 25, 1993). Former members who qualify for a retiring allowance may make application for an actuarially reduced allowance as early as 45 years of age (increased from age 40 as of November 25, 1993). Retiring allowances are increased annually on January 1 by the lesser of the increase in the consumer price index or 6%.

2. Summary of Significant Accounting Policies

a) These financial statements are prepared in accordance with Canadian generally accepted accounting principles. A statement of cash flow is not provided since disclosure in the statement of changes in net assets available for benefits is considered adequate.

Contributions to the accounts are recorded when received and allowances and refunds are recorded in the accounts when paid. An amount representing interest on the balances in the accounts is calculated and credited to the accounts annually at a rate of 8.5% according to the regulations of the Members' Retiring Allowances Act.

For reporting purposes, the contributions and allowances under the Members' Retiring Allowance Account and the Members' Supplementary Retiring Allowance Account are combined.

b) Effective April 1, 2000, there was a change in the method of accounting from a modified cash basis to accrual basis. Previous financial statements did not include a receivable from the consolidated fund or accounts payable and accruals. As a result of this change in accounting policy, these statements now include a statement of net assets available for benefits. Further, prior year's comparative figures on the statement of changes in net assets available for benefits have been restated to adjust for the effect of the change in accounting policy. The amount disclosed for professional services increased by $25,500.

3. Actuarial Valuation

Actuarial valuations of benefits under the Members' Retiring Allowances Act are carried out periodically and provide an estimate of liabilities as at the valuation date, calculated on the basis of various assumptions with respect to pension plan costs and interest rates. The latest actuarial valuation was conducted by Eckler Partners Ltd. based on information as of December 31, 1999.

The actuarial valuation projects liabilities for each member on the basis of service earned to that date and the projected average indemnities, allowances and salaries at the date of retirement.

The valuation indicated that at December 31, 1999 the accounts had actuarial liabilities of $43,305,700. The liability accounts at the same date had balances totalling $45,387,400 giving rise to an accounting surplus of $2,081,700. The valuation was based on the following key assumptions.

Investment earnings	- pre-retirement rate of 7.5% - post-retirement rate of 4.37% (net of assumed pensioner cost-of-living increases per annum)
Salary escalation	- 3% per annum
Cost of living escalation	- 3%

During the year, the Province made additional contributions of $816,275 (2000 - $868,530). This was based on a prior valuation which indicated that the Province should contribute 39.6% of total payroll (indemnities, allowances and salaries) of contributing members, including the matching of the contribution in order to cover the annual cost of benefits accrued. This year and in prior years the additional contribution has been sufficient to cover the annual cost.

Eckler Partners Ltd. estimate of the Members' Retiring Allowance Account liabilities as at March 31, 2001 (extrapolated from March 31, 2000) indicated that the accounts had actuarial liabilities of $45,506,800. The liability accounts at the same date had balances totalling $45,813,439 giving rise to a surplus of $344,139 (2000 - surplus of $2,212,713). The accounts were adjusted to reflect this revised estimate of actuarial values.

AUDITORS' REPORT

To the Board of Director of the
Northern Regional Health Board

We have audited the statement of financial position of the Northern Regional Health Board as at December 31, 2000 and the statements of operations, changes in fund balances and cash flows for the nine months then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Northern Regional Health Board as at December 31, 2000 and the results of its operations, changes in fund balances and cash flows for the nine months then ended in accordance with generally accepted accounting principles.

GRANT THORNTON LLP
Chartered Accountants

Truro, Nova Scotia
April 30, 2001

NORTHERN REGIONAL HEALTH BOARD

Statement of Financial Position
December 31, 2000

ASSETS

	Operating Fund	Capital Fund	Endowment Fund	Total	March 31, 2000
Current					
Cash and cash equivalents.....	$ 1,632,591	$ 2,882,003	$ 383,123	$ 4,897,717	$ 7,942,654
Receivables (Note 3)....	6,944,524	3,979,867	—	10,924,391	9,762,734
Due from (to) other funds.........	2,116,007	(2,217,470)	101,463	—	—
Inventories............	871,989	—	—	871,989	791,083
Prepaids.............	339,474	—	—	339,474	415,218
	11,904,585	4,644,400	484,586	17,033,571	18,911,689
Other receivables (Note 4).............	8,728,969	—		8,728,969	8,182,169
Capital assets (Note 5)...	—	81,970,887	—	81,970,887	79,719,936
	$ 20,633,554	$ 86,615,287	$ 484,586	$ 107,733,427	$ 106,813,794

LIABILITIES

	Operating Fund	Capital Fund	Endowment Fund	Total	March 31, 2000
Current					
Payables and accruals (Note 6)............	$ 9,885,073	$ 3,996,406	$ —	$ 13,881,479	$ 17,153,965
Deferred revenue.......	5,673,881	323,234	—	5,997,115	4,342,881
Current portion of obligation under capital leases....	—	454,209		454,209	142,087
Current portion of long term debt..........	—	20,292	—	20,292	—
	15,558,954	4,794,141	—	20,353,095	21,638,933
Employee benefits (Note 7)...........	5,074,600	—	—	5,074,600	4,577,800
Obligation under capital leases (Note 8)......	—	149,118	—	149,118	542,977
Long term debt (Note 9)............	—	123,044	—	123,044	—
	20,633,554	5,066,303	—	25,699,857	26,759,710

FUND BALANCES (Page 253)

	Operating Fund	Capital Fund	Endowment Fund	Total	March 31, 2000
Restricted................	—	603,327	350,088	953,415	927,828
Unrestricted..............	—	—	134,498	134,498	124,358
Capital..................	—	80,945,657	—	80,945,657	79,001,898
	—	81,548,984	484,586	82,033,570	80,054,084
	$ 20,633,554	$ 86,615,287	$ 484,586	$ 107,733,427	$ 106,813,794

Commitments (Note 12)

See accompanying notes to the financial statements.

NORTHERN REGIONAL HEALTH BOARD

Statement of Operations
Operating Fund
Nine Months Ended December 31, 2000

	2000	Year Ended March 31, 2000
Revenues		
Nova Scotia Department of Health	$ 62,225,373	$ 85,109,222
Charges to M.S.I.	3,359,250	4,269,732
Department of Veterans Affairs	1,412,349	2,046,511
In-patients	1,280,984	1,702,723
Out-patients	1,078,426	1,429,874
Long term care	553,431	693,428
Rental income	520,539	830,706
Investment income	188,224	85,194
Foundations	2,765	50,700
Other income	377,170	563,819
	70,998,511	96,781,909
Expenses		
In-patient services	25,862,704	32,985,912
Ambulatory services	13,956,668	17,179,372
Diagnostic and therapeutic services	12,048,681	15,716,189
Support services	17,189,399	22,899,703
Public health services	1,567,525	2,263,004
Drug addiction services	2,042,530	2,776,012
Early departure and retirement incentives	1,083,622	343,531
Rental expenses	618,339	513,973
Year 2000 remediation	—	946,130
Education and library	162,300	287,449
Increase in vacation pay accrual	(146,882)	572,849
Employee benefits (Note 7)	496,800	573,000
	74,881,686	97,057,124
	(3,883,175)	(275,215)
Other revenue - final settlement, Nova Scotia Department of Health	3,883,175	$ 275,215
Excess of expenses over revenues	$ —	$ —

See accompanying notes to the financial statements.

NORTHERN REGIONAL HEALTH BOARD

Statement of Changes in Fund Balances
Nine Months Ended December 31, 2000

	Capital Fund	Endowment Fund	Total	March 31, 2000
Restricted				
Balance, beginning of period	$ 685,064	$ 242,764	$ 927,828	$ 855,369
Transfer to unrestricted	(81,737)	—	(81,737)	(661,700)
Excess of revenues over expenses	—	5,364	5,364	14,857
Transfer from unrestricted		—	—	685,064
Contributions	—	101,960	101,960	34,238
Balance, end of period	$ 603,327	$ 350,088	$ 953,415	$ 927,828
Unrestricted				
Balance, beginning of period	$ 79,001,898	$ 124,358	$ 79,126,256	$ 53,302,000
Transfer from restricted	81,737	—	81,737	661,700
Department of Health - deficit funding	—	—	—	19,111,033
Excess (deficiency) of revenues over expenses	62,739	10,140	72,879	62,919
Capital asset funding				
Department of Health	3,721,785	—	3,721,785	9,236,152
Foundations	1,528,983	—	1,528,983	2,430,825
Auxiliaries	212,366	—	212,366	96,448
Other	30,780	—	30,780	38,130
Transfer to restricted	—	—	—	(685,064)
Capital debt assistance preferred accommodations	—	—	—	5,124
Contributions	—		—	90,000
Amortization	(3,650,060)	—	(3,650,060)	(5,090,474)
Capital debt charges	(44,571)	—	(44,571)	(132,537)
Balance, end of period	$ 80,945,657	$ 134,498	$ 81,080,155	$ 79,126,256

See accompanying notes to the financial statements

NORTHERN REGIONAL HEALTH BOARD

Statements of Cash Flows
Nine Months Ended December 31, 2000

	2000	Year Ended March 31, 2000
Increase (decrease) in cash and cash equivalents		
Operations		
Excess of expenses over revenues - Operating Fund	$ —	$ (573,000)
Department of Health - deficit funding	—	13,016,626
Contributions - Endowment Fund	101,960	124,358
Excess of revenues over expenses - Capital Fund	72,879	28,561
Excess of revenues over expenses - Endowment Fund	5,364	49,095
	180,203	12,645,640
Change in non-cash working capital		
Receivables	(1,161,657)	(8,707,898)
Inventories	(80,906)	(103,531)
Prepaid expenses	75,744	1,010,213
Payables and accruals	(3,272,486)	(1,016,536)
Deferred revenue	1,654,234	(733,793)
Employee benefits	496,800	573,000
Other receivables	(546,800)	—
	(2,654,868)	3,667,095
Financing and investing		
Department of Health - capital debt	—	6,094,407
Capital asset funding	5,493,914	11,801,555
Capital debt assistance from preferred accommodations	—	5,124
Capital debt charges	(44,571)	(132,537)
Interfund transfer - capital asset funding	—	435,273
Purchase of capital assets	(5,901,011)	(15,955,180)
Long term debt proceeds	143,336	—
Repayment of obligations under capital lease	(81,737)	(1,025,463)
	(390,069)	1,223,179
Decrease in restricted funds	—	(435,273)
	(390,069)	787,906
Net (decrease) increase in cash and cash equivalents	(3,044,937)	4,455,001
Cash and cash equivalents, beginning of period	7,942,654	3,487,653
Cash and cash equivalents, end of period	$ 4,897,717	$ 7,942,654

See accompanying notes to the financial statements.

NORTHERN REGIONAL HEALTH BOARD

Notes to the Financial Statements
December 31, 2000

1. Nature of operations

The Northern Regional Health Board was formed by an Act of the Province of Nova Scotia, as assented to by the Lieutenant Governor, on June 30, 1994. On October 1, 1996, the Board acquired the assets and assumed the liabilities of nine individual acute care facilities and community health centres.

The Northern Regional Health Board's mission is to improve the health of our communities through the efficient and effective use of resources and a commitment to consult with stakeholders.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the amounts recorded in the financial statements. Actual results could differ from these estimates.

Fund accounting

Revenues and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenues and expenses related to the Northern Regional Health Board's capital assets. Endowment contributions are reported in the Endowment Fund.

Revenue recognition

The Northern Regional Health Board follows the deferral method of accounting for non-capital contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in Endowment Fund net assets.

Capital contributions are treated as additions to investment in capital assets in the year in which the asset is acquired.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which it is earned.

Inventories

Inventories are recorded at the lower of cost or replacement value.

Capital assets

Assets purchased during the year were recorded in the Capital Fund at cost. Amortization is provided on a straight line basis at the following rates:

Buildings	2%
Land improvements	5%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

Amortization on construction in progress is not recorded until the projects are completed.

Compensation accruals

The Northern Regional Health Board follows the policy of recording the vacation pay liability. Accumulated overtime and call back are not accrued in the financial statements and are expensed in the year in which they are incurred.

Employee benefit plans

The board accrues its obligations under employee benefit plans and the related costs, net of plan assets. The board has adopted the following policies:

- The cost of retirement benefits (allowances) earned by employees is actuarily determined using the projected benefit method prorated on service.
- Defined contribution plan accounting is applied to a multi-employer defined benefit pension plan for which the board does not have sufficient information to apply defined benefit plan accounting.

Accounting change

As described in Note 7, the Northern Regional Health Board has a retiring allowance program covering essentially all of its employees. Effective, April 1, 2000, the board adopted the new recommendations of the CICA with respect to accounting for employee future benefits.

With respect to post-retirement benefits other than pensions, the board has provided for an actuarily determined accrual of cost of such benefits over the service life of the employees prior of their retirement. The cost of these benefits had previously been accounted for on a cash basis after the employees retired.

This change has been applied retroactively and the prior period has been restated. The effect of the accounting policy change on the prior year's excess of expenses over revenue over the method previously followed with respect to post-retirement benefits other than pensions is to increase the expense for employee future benefits by $573,000 and increase excess of expense over revenue by $573,000. In addition, the prior year's opening capital has been reduced by $4,004,800. The effect of the accounting policy change on the current year's excess of revenue over expenses over the method previously followed with respect to post-retirement benefits other than pension is to increase the expense for employee future benefits by $496,800 and reduce excess of revenue over expenses by $496,800.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and various funds held in trust.

3. Receivables

	Operating Fund	Capital Fund	Total Dec. 31. 2000	Total Mar. 31, 2000
Charges to M.S.I.	$ 179,239	$ —	$ 179,239	$ 227,309
Foundations and Auxiliaries	59,648	1,031,479	1,091,127	1,714,452
Department of Veteran Affairs- final settlement	159,043	—	159,043	213,215
Harmonized Sales Tax	415,011	416,150	831,161	937,321
Patients	828,370	—	828,370	716,291
Other	433,397	54,007	487,404	441,455
	2,074,708	1,501,636	3,576,344	4,250,043
Nova Scotia Department of Health				
Construction and equipment	—	2,478,231	2,478,231	5,166,677
Final settlement	3,984,396	—	3,984,396	275,215
Other	885,420	—	885,420	70,799
	4,869,816	2,478,231	7,348,047	5,512,691
	$ 6,944,524	$ 3,979,867	$ 10,924,391	$ 9,762,734

The resolution of final settlement estimates are dependent upon approval of the Department of Health and Department of Veterans Affairs. An adjustment, if any, on the resolution of these amounts will be accounted for as an adjustment to fund balances in the period in which they occur.

The labour adjustment funding was accrued at 1.9% of salaries. As labour negotiations have not yet been finalized, actual amounts may differ from this estimate included above.

4. Other receivables

	Total Dec. 31. 2000	Total Mar. 31, 2000
Nova Scotia Department of Health		
Vacation pay	$ 3,604,369	$ 3,604,369
Employee benefits	5,074,600	4,577,800
Other	50,000	—
	$ 8,728,969	$ 8,182,169

5. Capital assets

	Cost	Accumulated Amortization	December 31, 2000 Net Book Value	March 31, 2000 Net Book Value
Land	$ 223,672	$ —	$ 223,672	$ 223,672
Land improvements	947,529	312,483	635,046	662,764
Buildings	83,730,997	21,632,581	62,098,416	62,618,908
Equipment	23,676,010	12,974,072	10,701,938	10,621,472
Equipment under capital lease	1,593,290	904,963	688,327	825,757
Construction in progress	7,623,488	—	7,623,488	4,767,363
	$ 117,794,986	$ 35,824,099	$ 81,970,887	$ 79,719,936

6. Payables and accruals

	Operating Fund	Capital Fund	Total Dec. 31, 2000	March 31, 2000
Trade	$ 5,854,736	$ 2,717,372	$ 8,572.108	$ 10,731,010
Vacation pay	4,030,337	—	4,030,337	4,177,219
Foundation	—	—	—	—
Department of Veteran Affairs final settlement	—	7,795	7.795	—
Foundation	—	1,271,238	1,271,238	2,218,923
Employee benefits	—	—	—	—
	9,885,073	3,996,405	13,881,478	17,127,152
Nova Scotia Department of Health				
Construction	—	—	—	9,962
Other	—	—	—	16,851
	—	—	—	26,813
	$ 9,885,073	$ 3,996,405	$ 13,881,478	$ 17,153,965

7. Employee benefits

The board has the following benefit plans:
(i) a multi-employer defined benefit plan providing pension benefits to most of its employees, and
(ii a retirement benefit plan providing retiring allowances to its employees.

The defined benefit plan is accounted for as a defined contribution plan.

The next expense for the board's benefit plans are as follows:

	Pension Benefit Plans		Retirement Benefit Plan	
	December 31, 2000	March 31, 2000	December 31, 2000	March 31, 2000
Contributions to a multi-employer plan accounted for as a defined contribution plan, included in program expenses	$ 2,054,981	$ 2,489,653		
Retiring allowances			$ 496,800	$ 573,000

Information about the board's retiring allowance plan as at December 31, 2000 is as follows:

	Retirement Benefit Plan	
	December 31, 2000	March 31, 2000
Accrued benefit ogligation	$ 3,949,498	$ 4,606,244
Fair value of plan assets	—	—
Funded status - plan deficit	$ (3,949,498)	$ (4,606,244)
Accrued benefit liability	$ (5,074,600)	$ (4,577,800)

A discount rate of 6.56% was used in the actuarial assumptions adopted in measuring the authority's accrued retirement obligation. During the period, retiring allowances paid amount to $114,227.

The most recent projected actuarial valuation of the multi-employer pension plan showed a surplus of $137,000,000 at December 31, 2000.

8. Obligations under capital leases

Department of Health maturing in 2006.
Obligation under capital leases
Banker's Acceptance Capital Corporation maturing in 2006; TeleHealth Services maturing in 2000; and Toshiba of Canada Limited maturing in 2005. the capital leases are secured by specific equipment.

	December 31, 2000	March 31, 2000
Future minimum lease payments are as follows:		
2001	$ 470,449	$ 195,432
2002	58,584	170,173
2003	58,584	120,114
2004	48,820	120,114
2005	—	95,705
Subsequently	—	173,287
	636,437	874,825
Less: amount representing interest on capital leases at varying rates of 7.2% to 10%	33,110	189,761
	603,327	685,064
Less: current portion	454,209	142,087
	$ 149,118	$ 542,977

The Aberdeen Hospital Foundation has registered a chattel mortgage on specific equipment donated to Aberdeen Hospital Commission before designation. The agreement specifies certain restrictions on the use and disposition of this equipment. If the equipment is not used in accordance with the agreement, the greater of net book value at the time of designation ($408,354) or fair market value is to be repaid to the foundation on an item by item basis.

9. Long term debt

	December 31, 2000
6.5% loan, payable in equal annual payments of $29,609 including interest, maturing in 2006	$ 143,336
Less: current portion	20,292
	$ 123,044

10. Credit Facilities

On December 10, 2000, the board entered into a consolidated financing arrangement with a financial institution which provided an available operating line of credit totalling $4,000,000 . As of December 31, 2000, there was no borrowing outstanding against the credit facilities.

11. Restricted fund balance

The Nova Scotia Department of Health provided funding to establish a reserve for the existing capital lease obligations. This reserve is restricted and will be used solely for the repayment of capital lease obligations as referred to in Note 8. The balance of the reserve was $603,327 as of December 31, 2000.

12. Commitments

a) The Northern Regional Health Board is committed to the following operating and occupancy lease payments in each of the next five fiscal years ended December 31:

2001	$	438,497
2002	$	375,169
2003	$	275,418
2004	$	180.693
2005	$	164.018

b) During 2000, the Northern Regional Health Board has entered into agreements to spend $29,507,471 on additions to property and equipment.

13. Subsequent event

On June 8, 2000, Royal Assent was proclaimed for the Health Authorities Act. The Act establishes three District Health Authorities in the northern region to replace the Northern Regional Health Board. All assets, liabilities and fund balances of the Northern Regional Health Board were transferred to the respective District Health Authorities on January 1, 2001.

14. Comparative figures

Certain of the March 31, 2000 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current period.

AUDITORS' REPORT

To the Minister of Environment and Labour
responsible for the
Nova Scotia Alcohol & Gaming Authority

We have audited the balance sheet of the Nova Scotia Alcohol & Gaming Authority as at March 31, 2001 and the statement of revenue and expenditures for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2001, and the results of its operations for the year then ended in accordance with generally accepted accounting principles and as disclosed in Note 2.

GRANT THORNTON LLP
Chartered Accountants

Dartmouth, Nova Scotia
June 8, 2001

NOVA SCOTIA ALCOHOL & GAMING AUTHORITY

Balance Sheet
March 31,2001

		2001		2000
ASSETS				
Current				
Cash	$	600	$	600
Receivables (Note 3)		793,535		1,355,001
	$	794,135	$	1,355,601
LIABILITIES				
Current				
Payables and accruals	$	400,056	$	619,399
Deferred revenue		6,458		7,320
Current portion of lease obligation		73,541		206,822
		480,055		833,541
Lease obligation (Note 4)		---		72.001
		480,055		905,542
EQUITY				
Due to Minister of Finance				
Balance, beginning of year		450,059		876,546
Net revenue		4,280,515		5,067,816
Remittances		(4.416,494)		(5,494,303)
Balance, end of year		314,080		450,059
	$	794,135	$	1,355,601

Statement of Revenue and Expenditures
Year Ended March 31, 2001

		2001		2000
Revenue				
Liquor license fees	$	7,434,626	$	7,341,315
Lottery licenses and fees		1,364,150		1,910,981
Casino fees		664,443		482,156
Amusement licenses		115,200		120,970
Miscellaneous		3,658		10,296
Pari-mutuel tax (Note 2)		139,913		1,374,467
Film screening and distribution fees		332,837		364,031
		10,054,827		11,604,216
Administrative expenditures (Page 265)		5,774,312		6,536,400
Net revenue	$	4,280,515	$	5,067,816

See accompanying notes to the financial statements.

NOVA SCOTIA ALCOHOL & GAMING AUTHORITY

Notes to the Financial Statements
March 31, 2001

1. Nature of operations

The Nova Scotia Alcohol & Gaming Authority is the regulatory body responsible for the administration and enforcement of the Gaming Control Act, the Theatres and Amusement Act and the Liquor Control Act. Revenues are derived from the sale and renewal of licenses and registration fees and collection of taxes. The adjudicative responsibles of the Authority are conducted by the Utility Review Board.

2. Significant accounting policies

Revenue

Revenues are recorded on an accrual basis with certain amounts based on reports submitted by operators.

Pari-mutuel tax

Effective April 1, 2000 the 11% pari-mutuel tax has been recorded by the Authority on a net basis being 1% as the balance remains with the operators as a grant. This is consistent with legislation proposed for the 2001 fall sitting of the legislature. Previously grants were issued by the Department of Agriculture.

Capital assets

All items of a capital nature in excess of the thresholds established by provincial government policy are to be capitalized and amortized at rates established by the policy. As of March, 2001 the Authority has no capital assets under the terms of this policy.

3. Receivables

	2001	2000
Lottery	$ 330,895	$ 482,076
Film screening	109,105	88,146
Casino	428,385	221,082
Liquor	25,076	217,587
Other	87,049	162,208
Pari-mutuel tax	61,978	1,506,986
	1,042,488	2,678,085
Less: Allowance for doubtful accounts	248,953	1,323,084
	$ 793,535	$ 1,355,001

4. Lease obligation

	2001	2000
Newcourt Fnancial Limited, thirty-six monthly blended payments of $18,769 to July, 2001, effective annual rate of interest of 9.83%.	$ 73,541	$ 278,823
Less: current portion	73,541	206,822
	$ ---	$ 72,001

5. Related party transactions

The Authority purchases certain services from other departments of the Province of Nova Scotia on a fee for service basis, including but not limited to:

- leasholds and related maintenance;
- communication technology systems and network access.

In addition, the Authority received services at no charge, including but not limited to:

- accounting technology systems and processing;
- human resource management;
- payroll processing, including pensions and benefits administration;

6. Subsequent event

Effective April 1, 2001, the Authority became a division of the Department of Environment and Labour.

Effective April 1, 2001, the 9.3% license fee on the gross value of liquor purchased will be adjusted to 4.1%.

7. Pension plan

Employees of the Authority are covered under the terms of the Public Service Superannuation Act.

NOVA SCOTIA ALCOHOL & GAMING AUTHORITY

Schedule of Administrative Expenditures
Year Ended March 31 ,2001

	2001	2000
Advertising and promotion	$ 13,580	$ 47,862
Bad debts	445,214	40,575
Computer processing	42,376	63,883
Equipment	7,985	42,805
Equipment leasing	16,632	20,273
Freight and duty	6,373	7,113
Interest on lease obligation	18,406	37,695
Meetings	100,442	14,451
Office	23,339	30,522
Other	16,569	14,343
Postage	25,256	27,424
Printing and stationery	55,594	84,496
Professional fees	171,215	435,125
Rent	297,571	280,469
Repairs and maintenance	1,764	880
Security services	706,450	1,003,000
Telephone	122,268	121,119
Travel	334,898	431,604
Training and development	10,561	16,009
Wages and benefits	3,357,819	3,816,752
	$ 5,774,312	$ 6,536,400

AUDITORS' REPORT

To the Directors of the
Nova Scotia Arts Council

We have audited the statement of financial position of the Nova Scotia Arts Council as at March 31, 2001, and the statement of operations, statement of changes in equity and statement of cash flow for the year then ended. These financial statements are the responsibility of the organization's management. Our responsiblity is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2001 and the results of its operations and changes in cash flow for the year then ended, in accordance with generally accepted accounting principles.

HORNBY TINKHAM MARSHALL
Chartered Accountants

May 28, 2001
Dartmouth, Nova Scotia

NOVA SCOTIA ARTS COUNCIL

Statement of Financial Position
as at March 31, 2001

	2001	2000
ASSETS		
Current		
Cash and cash equivalents	$ 369,123	$ 582,430
Accounts receivable	11,547	28,284
	380,670	610,714
Endowment investments (market $961,300, 2000 - $816,974) (Note 8)	800,357	696,912
Capital Assets (Note 3)	23,789	31,678
	$ 1,204,816	$ 1,339,304
LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	$ 274,589	$ 393,505
Deferred contributions (Note 5)	75,340	194,357
	349,929	587,862
NET ASSETS		
Unrestricted net assets	30,741	22,852
Net assets invested in capital assets	23,789	31,678
Net assets restricted for endowment purposes	800,357	696,912
	854,887	751,442
	$ 1,204,816	$ 1,339,304

NOVA SCOTIA ARTS COUNCIL

Statement of Operations
Year ended March 31, 2001

	2001 Budget	2001 Actual	2000 Actual
Revenue			
Grants (Note 6)	$ 1,340,314	$ 1,302,047	$ 1,477,300
New Media Awards	27,000	—	10,000
McConnell Foundation (Note 7)	90,500	86,070	81,159
Other (Schedule 1)	19,000	34,829	33,990
	1,476,814	1,422,946	1,602,449
Expenses			
Grants			
Grant programs for individuals (Schedule 2)	394,000	394,930	445,550
Portia White award	—	—	25,000
ArtsSmarts - Arts inFusion program	90,000	79,006	65,590
New Media Awards	25,000	—	10,000
Consultant study	—	—	7,246
	509,000	473,936	553,386
Grant programs for organizations (Schedule 3)	551,000	549,899	614,520
Total grants	1,060,000	1,023,835	1,167,906
Program delivery			
Salaries - program officers	103,000	102,479	101,076
Employee benefits	15,450	15,944	14,650
Travel - officers (individuals)	3,550	3,067	3,586
Travel - officers (organizations)	3,550	3,768	3,181
ArtsSmarts - Arts inFusion - administration	15,500	7,063	15,569
Assessments - juries (Schedule 4)	26,014	29,704	33,258
MTT Peer assessment	—	—	104
Meetings	686	—	—
Total program delivery	167,750	162,025	171,424
Administrative (Schedule 5)	249,064	237,086	263,119
Total expenses	1,476,814	1,422,946	1,602,449
Excess of revenue over expenses	$ —	$ —	$ —

NOVA SCOTIA ARTS COUNCIL

Statement of Changes in Net Assets
Year ended March 31, 2001

	Net Assets Invested in Capital Assets	Net Assets Restricted for Endowment Purposes	Unrestricted Net Assets	Total 2001	Total 2000
Balance, beginning of the year........	$ 31,678	$ 696,912	$ 22,852	$ 751,442	$ 730,079
Excess (deficiency) of revenue over expenses.........	(7,889)	—	7,889	—	—
Endowment contributions (Note 8 and 10)...	—	103,445	—	103,445	21,363
Balance, end of year..	$ 23,789	$ 800,357	$ 30,741	$ 854,887	$ 751,442

Statement of Cash Flow
Year ended March 31, 2001

	2001	2000
Net inflow (outflow) of cash related to the following activities:		
Operating		
Item not affecting cash Amortization.................................	$ 7,889	$ 10,531
Changes in non-cash operating working capital items (Note 9)..........	(221,185)	160,397
	(213,296)	170,928
Financing		
Endowment contributions (Note 10)...............................	103,445	21,363
Investing		
Acquisition of capital assets..	—	(2,240)
Decrease in investments...	(103,456)	(21,351)
	(103,456)	(23,591)
Increase (decrease) in cash..	(213,307)	168,700
Cash and cash equivalents, beginning of year.........................	582,430	413,730
Cash and cash equivalents, end of year.............................	$ 369,123	$ 582,430

NOVA SCOTIA ARTS COUNCIL

Notes to the Financial Statements
March 31,2001

1. PURPOSE OF THE ORGANIZATION

An Act to establish the Nova Scotia Arts Council was approved on January 11, 1996 by the 56th General Assembly of the Legislature of the Province of Nova Scotia. The purpose of the Organization is to:

- Make the arts integral to the lives of Nova Scotians;
- Foster artistic excellence throughout the Province;
- Encourage creative expression by funding activity in the arts;
- Utilize peer assessment in the determination of artistic merit and the allocation of funding;
- Educate the public regarding the cultural, social and economic importance of the arts;
- Strive for regional, cultural and developmental equity in the distribution of funding; and
- Carry out research on matters related to the arts.

The Organization is also responsible for establishing and maintaining the Nova Scotia Arts Endowment Fund.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

(a) Revenue recognition

The Nova Scotia Arts Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in equity.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

(b) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are being amortized on a straight-line basis over a period of five years.

(c) Investments

Investments are recorded at the lower of cost and market value. These investments are managed by a professional money manager and invested in a balanced portfolio of equity and security backed instruments.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and investments in money market instruments.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2001	Net 2000
Office furniture	$ 34,594	$ 21,115	$ 13,479	$ 16,849
Computer equipment	38,121	27,811	10,310	14,729
Computer software	886	886	—	100
	$ 73,601	$ 49,812	$ 23,789	$ 31,678

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2001	2000
Trade payables and accrued liabilities	$ 42,063	$ 58,710
Arts inFusion payable	6,000	—
Grants payable	226,526	334,795
	$ 274,589	$ 393,505

5. DEFERRED CONTRIBUTIONS

Deferred contributions represent restricted operating funding received in the current period that is related to the subsequent period. This deferred revenue will be reflected in next year's budget:

	2001	2000
Operations (Note 6)	$ 27,810	$ 66,257
McConnell Foundation Arts Smarts Program (Note 7)	47,530	128,100
	$ 75,340	$ 194,357

6. GRANT REVENUE

	2001	2000
Grants received from Province of Nova Scotia	$ 1,263,600	$ 1,476,000
Deferred grant revenue from prior year	66,257	54,472
Adjustment to McConnell deferral	—	13,085
	1,329,857	1,543,557
Less contributions deferred until next year:		
Operations	(27,810)	(66,257)
Amount recognized as revenue in the year	$ 1,302,047	$ 1,477,300

7. McCONNELL FOUNDATION

	2001	2000
Program grants received from McConnell Foundation	$ 5,500	$ 90,500
Deferred grant revenue from prior year	128,100	118,759
	133,600	209,259
Less contributions deferred until next year	(47,530)	(128,100)
Amount recognized as revenue in the year	$ 86,070	$ 81,159

8. ENDOWMENT FUND

The endowment fund was established in March 1997 with a grant from the Province of Nova Scotia. The Governor in Council has established the Regulations for this fund under the Regulations Act. The Council shall only make withdrawals of capital from the Endowment Fund for the purpose of investing the money and in accordance with the instructions of the investment managers. The fund advisors shall recommend annually to the Council the amount of income of the Endowment Fund, including, without limitation, interest, dividends, and realized capital gains, to be distributed to the Council for expenditures either as set out in the Endowment Fund budget prepared by the Council or with approval of the Minister. The value of the contributed capital of the Endowment Fund after inflation should not diminish over time. Until such time as the endowed funds reach one million dollars, all earnings of the fund will be retained to grow the Endowment Fund.

Subsequent to year end, Council passed a resolution approving the transfer of a certain amount of the accumulated investment income from the Endowment Fund to support current operations for the year ended March 31, 2002.

	2001	2000
Capital contributions and donations		
Opening balance	$ 644,915	$ 644,040
Current year	80,885	875
	725,800	644,915
Investment income less expenses		
Opening balance	51,997	31,511
Current year	22,560	20,486
	74,557	51,997
Total	$ 800,357	$ 696,912

9. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	2001	2000
Accounts receivable	$ 16,737	$ 22,911
Accounts payable and accrued liabilities	(118,905)	126,360
Deferred contributions	(119,017)	11,126
	$ (221,185)	$ 160,397

10 ENDOWMENT CONTRIBUTIONS

	2001	2000
Donations	$ 80,885	$ 875
Investment income	35,474	31,805
Bank and investment management charges	(12,914)	(11,317)
	$ 103,445	$ 21,363

The market value of the Endowment investments at March 31, 2001 was $961,300 (March 31, 2000 - $816,974).

11 ECONOMIC DEPENDENCE

The Nova Scotia Arts Council is funded entirely by a grant from the Province of Nova Scotia. The amount of this grant is determined annually by the Province.

12 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Interest rate risk

The organization's investment portfolio is exposed to financial risk that arises from fluctuations in interest rates and the degree of volatility of these rates. The organization does not use derivative instruments to reduce its exposure to interest risk.

(b) Market risk

The organization's investment portfolio is exposed to the normal risks associated with investments in the financial markets. The investment portfolio is managed by a professional money manager in accordance with the investment policy established by the Endowment Fund Trustees.

(c) Fair value of financial instruments

The fair value of cash and equivalents, receivables, accounts payable and accrued liabilities and deferred contributions corresponds to their carrying value.

Schedule 1

NOVA SCOTIA ARTS COUNCIL

OTHER REVENUE
Year ended March 31, 2001

	2001 Budget	2001 Actual	2000 Actual
Interest	$ 19,000	$ 34,829	$ 27,390
Other	—	—	6,600
	$ 19,000	$ 34,829	$ 33,990

Schedule 2

GRANTS PROGRAMS FOR INDIVIDUALS
Year ended March 31, 2001

Professional development	$ 42,000	$ 39,465	$ 42,950
Travel	—	—	20,000
Presentation	56,000	53,166	59,600
Creation	296,000	302,299	300,000
Research	—	—	23,000
	$ 394,000	$ 394,930	$ 445,550

Schedule 3

GRANT PROGRAMS FOR ORGANIZATIONS
Year ended March 31, 2001

Production	$ 196,000	$ 203,493	$ 220,000
Touring	30,000	23,993	52,000
Commissioning	22,000	19,600	28,000
Operating	279,000	279,000	285,000
Professional development	24,000	23,813	29,520
	$ 551,000	$ 549,899	$ 614,520

Schedule 4

NOVA SCOTIA ARTS COUNCIL

ASSESSMENTS - JURIES
Year ended March 31, 2001

	2001 Budget	2001 Actual	2000 Actual
Assessment - juries (individuals)			
Per diems	$ 1,886	$ 1,333	$ 2,611
Travel	2,000	1,629	2,107
Accommodation	3,829	3,877	5,268
Honorarium	6,857	7,696	10,452
Meetings	—	2,537	977
	14,572	17,072	21,415
Assessment - juries (organizations)			
Per diems	1,414	1,300	1,340
Travel	1,500	1,759	1,594
Accommodation	2,871	2,320	2,345
Honorarium	5,143	6,032	5,720
Meetings	514	1,221	844
	11,442	12,632	11,843
Total assessments - juries	$ 26,014	$ 29,704	$ 33,258

Schedule 5

ADMINISTRATIVE EXPENSES
Year ended March 31, 2001

Salaries	$ 102,000	$ 92,540	$ 103,552
Employee benefits	14,280	9,949	17,206
Travel - Executive Director	8,000	8,507	7,504
Travel - relocation	—	8,732	—
Board honoraria	6,000	3,630	7,240
Board travel	5,400	6,489	6,737
Board meetings	3,500	3,374	5,650
Office rent	26,700	26,630	19,039
Supplies and services (Schedule 6)	64,500	48,651	63,673
Professional fees	12,000	15,704	14,443
Amortizaiton	—	7,889	10,531
Public relations	3,000	1,377	4,755
Miscellaneous	3,684	3,614	2,789
Total administrative	$ 249,064	$ 237,086	$ 263,119

Schedule 6

NOVA SCOTIA ARTS COUNCIL

SUPPLIES AND SERVICES
Year ended March 31, 2001

	2001 Budget	2001 Actual	2000 Actual
Professional development	$ 1,000	$ 319	$ 701
Conference	900	76	614
Courier	1,500	628	1,428
Postage	4,500	2,631	4,080
Telephone	8,000	6,604	6,038
Stationary and supplies	12,700	8,039	9,721
Membership dues	200	194	185
Bank charges	1,000	1,878	1,254
Insurance	2,000	1,882	1,844
Equipment rental	2,200	1,760	1,686
Advertising and promotion	500	187	—
Job search costs	2,000	13,591	955
Annual report	10,000	—	10,064
Newsletter/web site	7,000	6,863	10,919
Printing costs	11,000	3,999	14,184
	$ 64,500	$ 48,651	$ 63,673

AUDITOR'S REPORT

To the Members of the Legislative Assembly; and

To the Minister of Economic Development

I have audited the balance sheet of the Nova Scotia Business Development Corporation as at March 31, 2001, and the statement of continuity of fund for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

These financial statements reflect proposed write-offs of assistance outstanding of $6,461,000 which were yet to be approved by Governor in Council as required under Section 23 of the Provincial Finance Act.

In my opinion, except for the effect of adjustments, if any, which might be determined to be necessary should Governor in Council not approve the amounts for write-off, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001, and the continuity of fund for the year then ended in accordance with the basis of accounting required by Section 15 of the Business Development Corporation Act and the accounting policies detailed in Note 2 to the financial statements.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
June 6, 2001

NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION
NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION FUND

Balance Sheet
March 31, 2001

ASSETS

	2001	2000
	(in thousands)	
Loans and Shares, at cost		
Loans receivable	$ 146,418	$ 152,312
Venture investments	7,014	7,030
Community Business Loan Program	3,152	3,920
Shares (Note 3)	17,437	16,461
	174,021	179,723
Less: Provision for concessionary assistance (Note 4)	14,352	18,303
Allowance for doubtful accounts	28,317	25,333
	42,669	43,636
	131,352	136,087
Industrial parks (Note 5)	22,053	23,973
Other assets	987	298
Less: Provision for decline in value	864	89
	123	209
Due from consolidated fund		
Guarantees (Note 6 and 7)	10,318	11,880
Less: Provision for payment under guarantees	5,444	3,434
	4,874	8,446
Assistance authorized but unadvanced	53,021	27,431
	57,895	35,877
	$ 211,423	$ 196,146

FUNDING AUTHORIZED AND COMMITTED

	2001	2000
Authorized, net of write-offs	$ 276,283	$ 285,768
Less: Provision for concessionary assistance and possible losses on assistance (Note 8)	48,977	47,159
Net fund balance	227,306	238,609
Less: Uncommitted balance of fund (Note 7)	15,883	42,463
	$ 211,423	$ 196,146

Contingencies (Note 9)

See accompanying notes to the financial statements

NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION
NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION FUND

Statement of Continuity of Fund
March 31, 2001

	2001	2000
	(in thousands)	
Balance, beginning of year	$ 285,768	$ 294,595
Deduct: Accounts written off	9,485	8,827
Balance, end of year	$ 276,283	$ 285,768
Comprising:		
Loans receivable, shares and other assets	$ 175,008	$ 180,021
Industrial parks	22,053	23,973
Guarantees in effect and utilized	10,175	10,876
Loans and other investments authorized, but unadvanced and guarantees in effect but not utilized	53,164	28,435
Uncommitted balance	15,883	42,463
	$ 276,283	$ 285,768

See accompanying notes to the financial statements

NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION
NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION FUND

Notes to the Financial Statements
March 31, 2001

1. Authority

The Nova Scotia Business Development Corporation was established pursuant to the Business Development Corporation Act. The Act provided for the creation of the Nova Scotia Business Development Corporation Fund. The object of the Corporation is to encourage business development in the Province by providing financial assistance to business through the Fund, or such other assistance as may be determined by the Governor-in-Council. The Corporation's activities are administered through a division of the Department of Economic Development.

2. Accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles modified by paragraphs (a), (b), (c), (f) and (g) below.

Administrative Expenses and Interest Revenue

(a) Administrative expenses of the Corporation and revenues earned on guarantees are included in the accounts of the Department of Economic Development and are not reflected in the financial statements of the Fund. Interest and other income earned on loans and shares is included in the accounts of the Department of Finance and are not reflected in these financial statements.

Statement of Cash Flows

(b) A statement of cash flows is not provided since disclosure in the statements of continuity of the fund and the balance sheet are considered adequate.

Current Assets

(c) Payments receivable within one year of the balance sheet date are not segregated and classified as current assets.

Venture Investments

(d) Venture investments represent financial assistance (in the form of loans) to companies in emerging technology sectors and are primarily secured by interests in intellectual property and other assets.

Venture investments are initially recorded at cost. These investments continue to be carried at cost unless there exists persuasive evidence of a decrease in value as indicated by the assessment of the financial condition of the investment based on operational results, forecasts and other developments.

Industrial Parks

(e) Industrial parks are carried at cost of acquisition plus direct costs of improvements, net of proceeds of disposal. Selling prices are established using estimated market value. The park lands are reflected on an aggregate basis at the lower of cost or estimated market value.

(f) The buildings in the parks are carried at book value. No depreciation is charged on the buildings.

(g) Operational responsibility for the industrial parks has been assigned to the Department of Transportation and Public Works. Revenues and expenses associated with the operation of the industrial parks are accounted for by the Department of Transportation and Public Works and are not reflected in these financial statements.

Other Assets

(h) Properties acquired through foreclosure are carried at the cost of acquisition and are subject to a provision for write down annually to estimated realizable value.

Provision for Concessionary Assistance

(i) The Corporation provides for the effect of the decrease in valuation of certain loans and shares due to assistance being provided with concessionary terms.

Allowance for Doubtful Accounts

(j) The Corporation provides for possible losses on guarantees authorized, loans receivable, shares and other assets on an item-by-item basis except for loans under the Community Business Loan Program for which a blanket provision is determined based on prior years' loan performance. In addition, a general reserve is provided on any unreserved assistance outstanding.

Use of estimates

(k) The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Shares

	2001	2000
	(in thousands)	
Preferred shares	$ 14,329	$ 13,403
Common shares and equity interests	3,108	3,058
	$ 17,437	$ 16,461

Shares are recorded at cost. Any provision for the decline of fair market value below the cost of shares has been included in the allowance for doubtful accounts.

4. *Provision for concessionary assistance*

The provision for concessionary assistance is the difference between the net present value at year end of the anticipated future repayments to be received by the Fund and the amount of assistance advanced to an economic entity on the usual established commercial terms of the Corporation.

The terms of concessionary assistance through the Corporation include low interest rates, extended repayment terms and forgiveness clauses. This assistance is recorded at cost and reduced by the Provision for Concessionary Assistance. Any adjustments to or recovery of the net present value of this assistance in subsequent years is reflected in the Provision for Concessionary Assistance. The assistance outstanding, provision for concessionary assistance and net book value related to each of the loans and shares is as follows:

	2001			2000
	Assistance Outstanding	Provision for Concessionary Assistance	Net Book Value (in thousands)	Net Book Value
Loans	$ 12,679	$ 7,409	$ 5,270	$ 5,255
Shares	12,426	6,943	5,483	5,513
	$ 25,105	$ 14,352	$ 10,753	$ 10,768

5. Industrial parks

These parks consist of land in various stages of development from unimproved to fully developed and serviced lots. The parks also include buildings which are mainly used as incubator malls.

No provision has been made to reflect on an individual park-by-park basis the difference between the carrying cost and fair market value. As at March 31, 2001 the cost of parks in excess of management's determination of market value totalled $6,242,644 (market value - $2,606,364). The cost of parks where market value exceeded cost was $9,276,457 (market value - $19,416,930). This results in an estimated net excess of current market value over carrying cost of approximately $6,504,193.

The balance of the cost of industrial parks of $6,534,297 is represented by the book value of the incubator malls, other buildings and property at March 31, 2001.

6. Guarantees

	2001	2000
	(in thousands)	
Guarantees - in effect and utilized	$ 10,175	$ 10,876
Guarantees - in effect but not utilized	143	1,004
	$ 10,318	$ 11,880

During the year no guarantees were paid out.

7. Adjustment of prior year

In 1999, the Corporation authorized the guarantee of the indebtedness of a client. The client borrowing and consequently the guarantee were denominated in US currency. At the time of entering into the guarantee and in the period since its authorization, the guarantee was recorded in the Corporation's books in Canadian currency. In the current year, management became aware of this error and have recorded the foreign currency translation adjustment. As a result of the adjustment, the amounts reported as guarantees as at March 31, 1999 and 2000 have been restated to reflect the Canadian dollar equivalent of the guaranteed loan. The impact of the adjustment has been to increase the guarantee amount by $1,233,120 and $1,005,834 for 1999 and 2000 respectively with a corresponding reduction in the balance of uncommitted funds.

The comparative figures for 2000 have been restated to reflect the correction of this error.

8. Provision for concessionary assistance and possible losses on assistance

The following is a continuity of the provision:

	2001	2000
	(in thousands)	
Balance, beginning of year	$ 47,159	$ 47,397
Add: Current year provision	11,303	8,589
Deduct: Accounts written off	9,485	8,827
Balance, end of year	$ 48,977	$ 47,159

9. Contingencies

(a) Environmental remediation

The Corporation has entered into agreements which provide for the funding of expenditures incurred by third parties in respect of environmental remediation of contaminated sites. An estimate of the amount of future costs under these agreements cannot be reasonably determined and is not reflected in the financial statements.

(b) Litigation

The Corporation is defending two legal actions relating to:

i) a dispute in regard to an agreement of purchase and sale. The amount claimed is $600,000.

ii) the termination of a contract. No specific amount has been claimed.

In both cases counsel is unable to form an opinion at this early date in regard to the merit of these claims and consequently no provision for any possible losses has been recorded in these financial statements.

10. Restructuring

Legislation has been approved that would see the transfer of all assets of the Nova Scotia Business Development Corporation to a new entity to be known as Nova Scotia Business Inc. The sections of the legislation providing for this transfer have not yet been enacted. It is anticipated that these sections will be enacted in the 2002 fiscal year.

These financial statements are draft only

Draft

NOVA SCOTIA COMMUNITY COLLEGE

Statement of Financial Position
as at March 31, 2001

ASSETS

	2001	2000
Current assets		
Cash	$ 3,883,707	$ 6,921,379
Accounts receivable (Note 3)	11,049,069	7,931,334
Inventory	506,286	608,344
Prepaids	576,051	238,628
	16,015,113	15,699,685
Capital assets (Notes 2 and 4)	7,498,847	3,757,417
Endowment assets (Note 5)	698,062	558,280
	$ 24,212,022	$ 20,015,382

LIABILITIES

	2001	2000
Current liabilities		
Accounts payable and accrued liabilities	$ 11,899,459	$ 7,702,423
Deferred revenue (Note 6)	1,677,540	1,527,563
Deferred salary	3,714	19,446
College Service Award (Note 8)	250,823	67,326
	13,831,536	9,316,758
Deferred revenue related to capital assets (Note 7)	1,589,516	2,173,690
	15,421,052	11,490,448

NET ASSETS

	2001	2000
Invested in capital assets (Note 9)	5,909,331	1,583,727
Unrestricted	---	1,660,004
Restricted for endowment purposes (Note 5)	698,062	558,280
Restricted for college development (Note 14)	2,183,577	4,722,923
	8,790,970	8,524,934
	$ 24,212,022	$ 20,015,382

Draft

NOVA SCOTIA COMMUNITY COLLEGE

Statement of Revenue and Expenditures
Year Ended March 31, 2001

	2001	2000
Revenue		
Province of Nova Scotia (Note 10)	$ 55,536,229	$ 50,932,000
Government of Canada	8,323,107	6,444,045
Tuition and fees	11,682,186	10,542,167
Customized training	10,495,983	10,709,702
Applied Research (Note 11)	662,844	569,685
Amortization of deferred revenue related to capital assets	1,379,945	1,826,310
Other (Note 12)	12,082,647	13,551,996
	100,162,941	94,575,905
Expenditures		
Salaries and benefits	62,566,844	57,257,751
Operating supplies and services	20,567,211	21,918,572
Equipment, rentals, other	7,953,436	6,653,273
Utilities and maintenance	6,379,456	5,991,938
Amortization	2,569,740	2,622,252
	100,036,687	94,443,786
Excess of revenue over expenditures	$ 126,254	$ 132,119

Draft

NOVA SCOTIA COMMUNITY COLLEGE

Statement of Cash Flows
Year Ended March 31, 2001

	2001	2000
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess of revenue over expenditures	$ 126,254	$ 132,119
Items not affecting cash		
Amortization of deferred revenue related to capital assets	(1,379,945)	(1,826,310)
Amortization	2,569,740	2,622,252
Loss on disposal of capital assets	8,556	---
	1,324,605	928,061
Changes in non-cash working capital items (Note 13)	1,161,678	(6,859,096)
	2,486,283	(5,931,035)
Investing		
Purchase of capital assets	(6,319,726)	(2,035,124)
Financing		
Deferred revenue related to capital assets	795,771	2,000,000
Net cash outflow	(3,037,672)	(5,966,159)
Cash position, beginning of year	6,921,379	12,887,538
Cash position, end of year	$ 3,883,707	$ 6,921,379

Draft

NOVA SCOTIA COMMUNITY COLLEGE

Statement of Changes in Net Assets
Year Ended March 31, 2001

	Invested in Capital Assets	Unrestricted	Restricted for Endowment Purposes (Note 5)	Restricted for College Development (Note 14)	2001 Total	2000 Total
Balance, beginning of year	$ 1,583,727	$ 1,660,004	$ 558,280	$ 4,722,923	$ 8,524,934	$ 8,375,697
Excess (deficiency) of revenue over expenditures	(1,189,795)	1,316,049	—	—	126,254	132,119
Investment in capital assets	5,515,399	(2,976,053)	—	(2,539,346)	—	—
Endowment contributions and interest	—	—	459,905	—	459,905	170,590
Endowment disbursements	—	—	(320,123)	—	(320,123)	(153,472)
Balance, end of year	$ 5,909,331	$ —	$ 698,062	$ 2,183,577	$ 8,790,970	$ 8,524,934

1. OVERVIEW OF OPERATIONS

The Nova Scotia Community College was established as a post-secondary public education corporation under the authority of the Community College Act of Nova Scotia effective April 1, 1996.

The College, with thirteen campuses across the Province, is responsible for enhancing the economic and social well-being of Nova Scotia by meeting the occupational training requirements of the population and the labour market.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

a) Revenue Recognition

The College follows the deferral method of accounting for revenue. Tuition fees, residence fees and sales are recognized when the services are provided or the goods are sold. Funding for expenditures of future periods are deferred and recognized as revenue in the year in which the related expenditure is incurred. Funding received for capital assets are deferred and recognized as revenue on the same basis as the acquired capital assets are amortized.

b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and amounts held by financial institutions with maturities of less than 90 days.

c) Capital Assets

Purchased capital assets are recorded at cost. Capital assets are amortized on a straight-line basis over the following estimated useful life:

Computer equipment	3 years
Furniture and equipment	5 years
Leasehold improvements	2 years
Management Information System (MIS)	5 years

Land and buildings that are owned by the Province are not reflected in the assets of the College. Improvements made to these buildings are therefore expensed in the year. Improvements made to these buildings with leases in place are capitalized and amortized over their useful life or the term of the lease, whichever is less.

On March 31, 1996, the Province transferred title to all computers, furniture, fixtures and equipment contained within the buildings to the College. The assets have not been reflected in the financial statements. The capital policies described have been implemented on a prospective basis, as the information for retroactive treatment is not readily available.

d) Contributed Services

The Province provides the College with buildings at thirteen campuses (in excess of two million square feet) and is responsible for the maintenance of the physical plant and building infrastructure, the benefit of which is not reflected in these financial statements.

e) Inventory

Inventory consist of merchandise and supplies held for resale and are valued at the lower of cost and net realizable value. Administrative and program supplies and library periodicals are not inventoried.

3. ACCOUNTS RECEIVABLE

	2001	2000
Customized training/other	$ 8,727,087	$ 4,574,547
Province of Nova Scotia	1,000,000	1,172,660
Tuition fees	883,768	616,630
Harmonized Sales Tax	897,215	1,925,521
Allowance for doubtful accounts	(459,001)	(358,024)
	$ 11,049,069	$ 7,931,334

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2001	Net Book Value 2000
Computer equipment	$ 5,520,521	$ 5,124,164	$ 396,357	$ 1,180,388
Furniture and equipment	4,762,108	2,668,412	2,093,696	2,577,029
Leasehold improvements	95,912	47,956	47,956	---
MIS	5,512,042	551,204	4,960,838	---
	$ 15,890,583	$ 8,391,736	$ 7,498,847	$ 3,757,417

5. ENDOWMENT ASSETS

The balance, which is externally restricted for endowment purposes, represents donations and related interest restricted for scholarships, awards and other specified purposes.

6. DEFERRED REVENUE

Deferred revenue represents the unearned portion of amounts received for specific purposes and is summarized as follows:

	2001	2000
Apprenticeship	$ 56,743	$ 525,000
Process Control	600,000	—
Customized training	736,174	845,745
Other	284,623	156,818
	$ 1,677,540	$ 1,527,563

7. DEFERRED REVENUE RELATED TO CAPITAL ASSETS

Deferred revenue related to capital assets represents the unamortized portion of funding received from the Province of Nova Scotia for capital asset additions. The changes in the deferred balance are as follows:

	2001	2000
Beginning balance	$ 2,173,690	$ 2,000,000
Contributions received	795,771	2,000,000
Amortization of deferred revenue related to capital assets	(1,379,945)	(1,826,310)
Ending balance	$ 1,589,516	$ 2,173,690

8. COLLEGE SERVICE AWARD

As per the new collective agreements, some college employees are eligible for the College Service Award. This award replaces the Public Service Award for these employees. One percent of the employee's pay is contributed to the fund by the College.

9. NET ASSETS INVESTED IN CAPITAL ASSETS

	2001	2000
Capital assets, net	$ 7,498,847	$ 3,757,417
Deferred revenue related to capital assets	(1,589,516)	(2,173,690)
	$ 5,909,331	$ 1,583,727

10. REVENUE-PROVINCE OF NOVA SCOTIA

	2001	2000
Funding received	$ 56,332,000	$ 52,932,000
Portion related to capital assets	(795,771)	(2,000,000)
	$ 55,536,229	$ 50,932,000

11. APPLIED RESEARCH

In 1999, the College was awarded funding over three years from the Canadian Foundation for Innovation to undertake applied research in the area of marine geographics. The funding expires during fiscal 2002.

12. OTHER REVENUE

Other revenue is summarized as follows:

	2001	2000
Bookstore revenue	$ 3,445,004	$ 3,366,128
Food sales	1,368,389	1,342,341
Apprenticeship/Shop	2,149,012	1,899,644
Interest	774,176	853,215
Recoveries	1,900,207	2,502,606
Lodging, rent and miscellaneous	2,445,859	3,588,062
	$ 12,082,647	$ 13,551,996

13. CHANGES IN NON-CASH WORKING CAPITAL

	2001	2000
(Increase) decrease in accounts receivable	$ (3,117,735)	$ 939,435
Decrease (increase) in inventory	102,058	(143,008)
Increase in prepaids	(337,423)	(78,160)
Increase(decrease) in accounts payable	4,197,036	(6,676,508)
Increase (decrease) in deferred revenue	149,977	(917,280)
Decrease in deferred salary	(15,732)	(33,575)
Increase in College Service Award	183,497	50,000
	$ 1,161,678	$ (6,859,096)

14. RESTRICTED FOR COLLEGE DEVELOPMENT

These funds have been internally restricted to ensure that the funds are used solely for college development projects.

15. COMMITTMENTS

The College is committed to the following lease and maintenance agreement payments over the next five years:

2002	2003	2004	2005	2006
$ 458,422	$ 416,044	$ 205,959	$ 94,730	$ 58,083

AUDITOR'S REPORT

To the Minister of Agriculture and Fisheries; and

To the Chair and Members of the Nova Scotia Crop
& Livestock Insurance Insurance Commission

I have audited the balance sheet of the Nova Scotia Crop & Livestock Insurance Commission as at March 31, 2001 and the statement of income and fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2001 and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 28, 2001

NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION

Balance Sheet
March 31, 2001

ASSETS

	2001	2000
Current		
Cash	$ 126,276	$ 57,662
Short-term investments (note 3)	5,569,522	5,232,073
Receivables, trade	55,443	32,925
Accrued interest receivable	195,708	147,914
	5,946,949	5,470,574
Capital assets (note 4)	45,704	56,726
	$ 5,992,653	$ 5,527,300

LIABILITIES

	2001	2000
Current		
Unearned premiums	$ 30,908	$ 30,500
Deposits for insurance	562	14,773
Provision for payment of unsettled indemnities (note 5)	219,373	267,578
	250,843	312,851
Deferred contributions related to capital assets (note 6)	45,704	56,726
	296,547	369,577

FUND BALANCES

	2001	2000
Fund balances		
Crop insurance	4,811,349	4,144,596
Livestock insurance	884,757	1,013,127
	5,696,106	5,157,723
	$ 5,992,653	$ 5,527,300

Commitments (note 10)

NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION

Statement of Income and Fund Balances
year ended March 31, 2001

	Crop Insurance	Livestock Insurance	Other	Totals 2001	Totals 2000
Revenues					
Insurance premiums (Schedule A)	$ 672,480	$ 16,530	$ —	$ 689,010	$ 649,436
Interest income	280,289	60,799	—	341,088	251,635
Amortization of deferred contributions	—	—	12,694	12,694	12,527
	952,769	77,329	12,694	1,042,792	913,598
Indemnity claims (Schedule A)	286,016	205,699	—	491,715	810,405
Bad debt expense	—	—	—	—	(200)
Administrative expenses (note 7) (Schedule B)	587,864	5,999	5,998	599,861	537,259
Amortization of capital assets	—	—	12,694	12,694	12,527
	873,880	211,698	18,692	1,104,270	1,359,991
Income (loss) before Government contributions	78,889	(134,369)	(5,998)	(61,478)	(446,393)
Government contributions (note 8)	587,864	5,999	5,998	599,861	537,259
Net Income (Loss)	666,753	(128,370)	—	538,383	90,866
Fund Balance					
Beginning of year	4,144,596	1,013,127	—	5,157,723	5,066,857
End of year	$ 4,811,349	$ 884,757	$ —	$ 5,696,106	$ 5,157,723

NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION

Statement of Cash Flows
Year Ended March 31, 2001

	2001	2000
Operating Activities		
Net income	$ 538,383	$ 90,866
	538,383	90,866
Net Change in non-cash working capital balances related to operations (note 9)	(132,320)	405,607
	406,063	496,473
Investing Activities		
Purchase of short-term investments	(337,449)	(573,897)
Increase (decrease) in cash during year	68,614	(77,424)
Cash, beginning of year	57,662	135,086
Cash, end of year	$ 126,276	$ 57,662

NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION

Notes to Financial Statements
March 31, 2001

1. Authority

The Nova Scotia Crop and Livestock Insurance Commission was established pursuant to Section 2(1) of the Nova Scotia Crop and Livestock Insurance Act. The function of the Commission is to administer plans of crop and livestock insurance, and conduct programs relating to these plans.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following accounting policy.

Capital Assets

Capital assets are recorded at cost, net of accumulated amortization. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which for office furniture is 10 years and for equipment is 5 or 10 years depending on the type of equipment.

3. Short-term investments

The commission invests excess funds to be used to pay future indemnity claims. At March 31, 2001, these funds had a market value of $5,632,446 and were invested in various corporate and provincial bonds maturing in 2002 with yields from 4.45% to 6.9%.

4. Capital Assets

	2001	2000
Equipment and furniture	$ 92,426	$ 90,754
Accumulated amortization	(46,722)	(34,028)
	$ 45,704	$ 56,726

5. Provision for payment of unsettled indemnities

Winter Grain is planted in the fall, but is not harvested until the following fall. Therefore, crop yields for Winter Grain are not known until well after the annual financial statements have been prepared. Crop yields can fluctuate dramatically depending upon factors such as weather conditions during the growing and harvesting seasons. As a result, the occurrence and amount of losses relating to this year's crop, if any, cannot be reasonably estimated at this time and therefore no provision has been recorded in the financial statements. In most cases, the indemnity expense for Winter Grain will be recorded in the year it is paid.

6. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent capital assets which were purchased by the Department of Agriculture and Fisheries on behalf of the Commission.

	2001	2000
Balance, beginning of year	$ 56,726	$ 62,803
Add: Capital assets acquired	1,672	6,450
Less: Amounts amortized to revenue	(12,694)	(12,527)
Balance, end of year	$ 45,704	$ 56,726

7. Related Party Transactions

Administrative expenses include $30,000 (2000 - $30,000) for rent and $44,240 (2000 - $44,240) for miscellaneous professional services that were charged to the Commission by the Nova Scotia Department of Agriculture and Fisheries.

8. Government Contributions

Under the crop insurance programs, producers pay 50% of the insurance premiums and the Federal and Provincial governments each pay 25%. Neither the Federal nor Provincial governments cost share in the insurance premiums of the livestock insurance program or in non-refundable deposits.

For the 2001 fiscal year, the Federal government contributed 49% (2000 - 49%) of the total administrative expenses. The Provincial government funded the remainder.

9. Net change in non-cash working capital balances related to operations

	2001	2000
Increase (decrease) in cash from changes in:		
Receivables	$ (22,518)	$ 169,291
Accrued interest receivable	(47,794)	(12,101)
Increase in deposits for insurance	(14,211)	2,850
Unsettled indemnities	(48,205)	250,530
Unearned premiums	408	(4,963)
	$ (132,320)	$ 405,607

10. Insurance Coverage

The total insurance coverage as of March 31, 2001 was $37,624,038(2000 - $35,493,508), comprising crop insurance of $14,228,038 (2000 - $11,982,508) and livestock insurance of $23,396,000 (2000 - $23,511,000).

The Province is party to an agreement with the Government of Canada, whereby, the Province makes advances to a fund administered by the Government of Canada called the Crop Re-Insurance Fund of Canada for Nova Scotia. The purpose of this Fund is to assist the Province of Nova Scotia when there is a requirement by the Province to make advances to the Commission for the payment of crop insurance indemnities. Transactions concerning this Fund are recorded by the Province and are not reflected in the accounting records of the Commission.

There is no Re-Insurance Fund for livestock. The Province is responsible for any deficiency in this fund.

11. Public Service Superannuation Fund

All full time employees of the Commission are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Commission's operating expenses. The Public Service Superannuation Fund is administered by the Department of Finance. The Commission is not responsible for any unfunded liability.

12. Economic dependance

The Commission is economically dependant upon the ongoing and future funding of the Nova Scotia and Federal governments.

Schedule A

NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION

Premium Revenue and Indemnity Claims
for the year ended March 31, 2001

	Premium Revenue					Indemnity Claims	
	Farmer	Federal	Provincial	2001	2000	2001	2000
Crop Insurance							
Spring grain	$ 22,439	$ 11,220	$ 11,220	$ 44,879	$ 56,467	$ 58,339	$ 108,075
Winter grain	9,838	4,919	4,919	19,676	26,575	9,248	61,730
Tree fruit	106,373	53,186	53,186	212,745	213,221	39,197	9,114
Corn	20,977	10,488	10,488	41,953	45,034	21,829	19,645
Peas & Beans	42,193	21,096	21,096	84,385	87,986	11,723	189,166
Blueberries	50,616	25,308	25,308	101,232	127,658	27,693	25,127
Strawberries and raspberries	3,801	1,901	1,901	7,603	7,594	13,846	5,123
Forage	5,256	2,511	2,589	10,356	1,291	2,518	294
Soybeans	2,907	1,453	1,453	5,813	6,016	2,400	6,909
Potatoes	34,776	17,388	17,388	69,552	60,061	—	367,822
Vegetables	37,154	18,566	18,566	74,286	—	99,223	—
	336,330	168,036	168,114	672,480	631,903	286,016	793,005
Livestock Insurance							
Dairy	16,684	—	—	16,684	17,533	205,699	17,400
Total	$ 353,014	$ 168,036	$ 168,114	$ 689,164	$ 649,436	$ 491,715	$ 810,405

Schedule B

NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION

Administrative Expenses
for the year ended March 31, 2001

	Insurance			Totals	
	Crop	Livestock	Other	2001	2000
Personnel	$ 396,763	$ 4,049	$ 4,048	$ 404,860	$ 386,245
Transportation and communication	42,304	432	432	43,168	47,921
Information	9,619	98	98	9,815	7,321
Professional and special services	29,190	298	298	29,786	8,500
Office accommodation and equipment rental	30,297	309	309	30,915	30,779
Repair and maintenance of equipment	678	7	7	692	205
Utilities, materials and supplies	12,348	126	126	12,600	11,973
Other expenditures	66,665	680	680	68,025	44,315
	$ 587,864	$ 5,999	$ 5,998	$ 599,861	$ 537,259

These financial statements are draft only

Draft

NOVA SCOTIA FARM LOAN BOARD

Statement of Financial Position
as at March 31, 2001

ASSETS

		2001		2000
				(in thousands)
Accounts receivable	$	5,648	$	4,574
Due from Department of Finance		2,048		1,587
Loans receivable (Note 3, Schedule 1)		160,737		150,922
Real estate (Note 4)		4,193		3,622
	$	172,626	$	160,705

LIABILITIES AND RETAINED EARNINGS

		2001		2000
Insurance reserve (Note 5)	$	2,350	$	2,673
Advances from Department of Finance (Note 2)		169,095		157,380
Retained earnings (Note 6)		1,181		652
	$	172,626	$	160,705

Commitments (Note 7)

Statement of Revenues and Expenditures
For the Year Ended March 31, 2001

		2001		2000
Revenues				(in thousands)
Interest revenue	$	12,486	$	12,048
Demutualization proceeds		—		523
Fee revenue		201		334
Insurance revenue		573		—
Other revenue		9		115
		13,269		13,020
Expenses				
Interest expense (Note 2)		9,961		10,344
Operating expenses (Note 8)		929		911
Bad debt expense		663		381
		11,553		11,636
Income before Government contributions		1,716		1,384
Government Contributions		929		911
Net Income	$	2,645	$	2,295

Statement of Retained Earnings
For the Year Ended March 31, 2001

		2001		2000
				(in thousands)
Retained earnings, beginning of year	$	652	$	193
Net Income		2,645		2,295
Distribution to Department of Finance (Note 6)		(2,116)		(1,836)
Retained earnings, end of year	$	1,181	$	652

NOVA SCOTIA FARM LOAN BOARD

Notes to Financial Statements
March 31, 2001

1. Authority

The Nova Scotia Farm Loan Board operates under the authority of the Agricultural and Rural Credit Act. The Board was established to increase agricultural activities in the Province by providing financial assistance to farmers.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles. The following are significant accounting policies of the Board.

a) **Interest Expense**
Loans provided by the Board are funded through quarterly advances from the Department of Finance. Advances are based on the Board's estimated requirement for the forthcoming quarter. Interest expense is calculated in accordance with the terms of a Memorandum of Understanding between the Board and the Department of Finance, based on the Department's cost of borrowing the Funds advanced.

b) **Allowance for Doubtful Accounts**
The Board provides for possible losses on authorized loans receivable and other assets on an item by item basis. In addition, a general reserve is provided on one half of new loan advances made during the year.

3. Loans Receivable

	2001	2000
	(in thousands)	
Farm loans	$ 163,816	$ 154,704
Timber loans	1,759	1,664
	165,575	156,368
Less: Allowance for doubtful accounts	4,838	5,446
	$ 160,737	$ 150,922

4. Real Estate - at lower of cost and net realizable value

	2001	2000
		(in thousands)
Real estate being leased or held	$ 3,655	$ 1,856
Land bank	2,252	2,344
Land consolidation		
Agricultural Rural Development Agreement (ARDA)	85	103
Less: Federal Government share of cost of ARDA properties	(43)	(51)
Held for Department of Agriculture and Fisheries	363	355
	6,312	4,607
Less: Allowance for doubtful recoveries	2,119	985
	$ 4,193	$ 3,622

5. Insurance Reserve

		2001	2000
			(in thousands)
Balance, beginning of year		$ 2,673	$ 2,380
Add:	Demutualization proceeds	—	112
	Premiums collected	363	352
	Increase in reserve held by carrier	360	331
		723	795
Deduct:	Premiums paid to carrier	393	423
	Administration fees	80	79
	Transfer to revenue	573	—
		1,046	502
Balance, end of year		$ 2,350	$ 2,673

The Board requires borrowers to participate in a group life insurance program administered by the Board. The carrier of the insurance will pay claims up to 100% and above 125% of premiums received from borrowers during the year. The insurance reserve will be used to fund the portion of claims that fall between these two limits. In addition, the Board may use the reserve to maintain or reduce future premiums charged to borrowers under the policy, pay for professional services related to the program, and contribute funds towards the acquisition of a computer system for Board operations.

In the year ended March 31, 2001, the Board commenced the practice of estimating the total amount of insurance reserve needed to fulfil the purpose of the reserve. Any funds in excess of this amount will be transferred to the general revenues of the Board. For the year ended March 31, 2001 a balance of $2,350,000 was established for the reserve and $573,000 was transferred to revenue.

Of the total reserve, $867,000 (2000 - $936,000) is held by the Department of Finance, and is included on the statement of financial position in the amount due from the Department of Finance. The remaining $1,483,000 (2000 - $1,737,000) is held by the carrier of the insurance plan, and is included in the accounts receivable of the Board. Interest is paid by the insurance plan carrier on an annual basis for certain funds and on a daily basis for other funds, and the interest rates used are set at the beginning of each policy year. The funds held by the Department of Finance bear no interest.

6. Retained Earnings

A Memorandum of Understanding dated March 16, 1999 between the Nova Scotia Farm Loan Board and the Department of Finance enables the Board to retain 20% of its net income for future use. The agreement took affect as of April 1, 1998. Previously, all net income of the Board was transferred to the Department of Finance. Net income retained is included on the statement of financial position in the amount due from the Department of Finance, and cannot be expended without the consent of the Department.

7. Commitments

As at March 31, 2001, the Board had authorized loans of $4,979,136 (2000 - $3,560,760) which had not been disbursed.

8. Operating Expenses

The operating expenses of the Board are paid by the Department of Agriculture and Fisheries on behalf of the Board.

	2001	2000
		(in thousands)
Salaries and benefits	$ 801	$ 773
Supplies and services	48	44
Travel	41	39
Training and development	17	22
Professional services	13	18
Other	9	15
	$ 929	$ 911

9. Loss Provision Program

The Department of Agriculture and Fisheries administers a program that aids farmers having difficulty meeting financial obligations due to hardship caused by unfavourable weather conditions. The program assists farmers with interest and/or principal payments on loans they have with a recognized public-sector or priviate-sector lending agency. During the year ended March 31, 2001 the program paid $5,107,886 (2000 -$9,143,830) to or on behalf of farmers, $959,451 (2000 - $1,568,935) of which was applied against loans held by the Nova Scotia Farm Loan Board.

10. Public Service Superannuation Fund

All full time employees of the Board are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Board's operating expenses. The Public Service Superannuation Fund is administered by the Department of Finance. The Board is not responsible for any unfunded liability.

PROVINCE OF NOVA SCOTIA

NOVA SCOTIA FARM LOAN BOARD

Continuity of Loans Receivable

for the Year Ended March 31, 2001

	2001	2000
	(in thousands)	
Loans receivable		
Balance, beginning of year .... $	156,368 $	152,539
Add: Advances made		
Farm loans	24,509	18,571
Timber loans	345	2
	24,854	18,573
Deduct: Payments received		
Farm loans	13,485	13,929
Timber loans	250	183
Net transfers to real estate	1,912	632
	15,647	14,744
Balance, end of year	165,575	156,368
Allowance for doubtful accounts	4,838	5,446
Loans receivable, net of allowance .... $	160,737 $	150,922

AUDITOR'S REPORT

To the Members of the Legislative Assembly; and
To the Minister of Economic Development

I have audited the statement of financial position of the Nova Scotia Film Development Corporation as at March 31, 2001 and the statement of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and the cash flows for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

E.R. SALMON, FCA
Auditor General

Halifax, Nova Scotia
May 18, 2001

NOVA SCOTIA FILM DEVELOPMENT CORPORATION

Statement of Financial Position
March 31, 2001

ASSETS

	General Fund	MTT New Media Fund	Total 2001	Total 2000
Current				
Cash and short term investments	$ 1,360,764	$ 391,911	$ 1,752,675	$ 1,536,404
Other receivables	139,047	12,500	151,547	361,361
Prepaid expenses	12,198	---	12,198	15,904
	$ 1,512,009	$ 404,411	$ 1,916,420	$ 1,913,669
LIABILITIES				
Current				
Payables and accruals, trade	$ 28,694	$ ---	$ 28,694	$ 53,928
Deferred revenue	15,428	---	15,428	14,945
	44,122	---	44,122	68,873
FUND BALANCES				
Unrestricted	5,127	326,490	331,617	328,459
Committed	1,462,760	77,921	1,540,681	1,516,337
	1,467,887	404,411	1,872,298	1,844,796
	$ 1,512,009	$ 404,411	$ 1,916,420	$ 1,913,669

Contingent Commitments
- General $1,462,760 (2000 - $1,393,154)
- MT & T New Media Fund $77,921 (2000 - $123,183) (Note 3)

NOVA SCOTIA FILM DEVELOPMENT CORPORATION

Statement of Operations and Changes in Fund Balances
year ended March 31, 2001

	General Fund	MTT New Media Fund	Total 2001	Total 2000
Revenue				
Contributions from the Department of Economic Development (note 4)	$ 2,443,375	$ ---	$ 2,443,375	$ 2,994,153
Recovery of equity investments and development loans (notes 6 & 7)	214,165	12,500	226,665	179,714
Contributions from MTT (note 5)	---	---	---	175,000
Contributions from general fund	---	---	---	175,000
First Works	43,717	---	43,717	115,232
Interest and other income	126,267	9,126	135,393	83,838
	2,827,524	21,626	2,849,150	3,722,937
Expenditures				
Equity investments (note 6)	1,588,955	---	1,588,955	2,175,710
Project development loans (note 7)	210,999	---	210,999	267,421
Special project grants	275,478	---	275,478	289,085
Training assistance	74,335	---	74,335	113,031
Film school feasibility	21,398	---	21,398	26,702
First Works	148,687	---	148,687	30,198
New Media development loans	---	65,266	65,266	119,918
Contributions to MTT New Media Fund	---	---	---	175,000
Advertising and marketing (page 314)	110,110	---	110,110	114,907
Administrative expenses (page 314)	326,420	---	326,420	302,287
	2,756,382	65,266	2,821,648	3,614,259
Excess (deficit) of revenues over expenditures	71,142	(43,640)	27,502	108,678
Fund balance, beginning of year	1,396,745	448,051	1,844,796	1,736,118
Fund balances, end of year	$ 1,467,887	$ 404,411	$ 1,872,298	$ 1,844,796

NOVA SCOTIA FILM DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31,2001

1. Authority

The Nova Scotia Film Development Corporation was incorporated through an act proclaimed by the Governor in Council on August 1, 1990. The chief purpose of the Corporation is to promote the development of, and to create and stimulate employment and investment in, the Nova Scotia film and video industry by providing financial and other assistance.

The Corporation has been designated by the Minister of Finance to administer the Nova Scotia Film Tax Credit Program, including registration of productions and review of tax credit applications.

2. Significant Accounting Policies

a) A statement of cash flows is not provided since disclosure in the statement of operations and changes in fund balances is considered adequate.

b) The accompanying financial statements have been prepared in accordance with generally accepted accounting principles except for the following items:

(i) Program grants, loans and equity participation are charges to current expenditures as disbursed. Recoveries derived from equity investments and development loans are recorded as revenue when received. It is not feasible to accrue recoveries from equity investments and project development loans since these recoveries remain uncertain until received, as they are based upon the financial results of the recipients' activities.

(ii) Capital asset acquisitions are recorded as current expenditures.

(iii) The costs incurred by government departments providing certain services to the Corporation are not reflected in these statements.

3. Surplus and Contingent Commitments

Because of the lead times required to obtain all the resources necessary to complete film and video productions, the Corporation approves applications for funding which will not result in program disbursements until subsequent fiscal periods.

As at March 31, 2001, the Corporation is contractually committed to advance funds totalling $1,462,760 (2000 - $1,393,154) from the general fund and $77,921 (2000 - $123,183) from the MTT New Media Fund as investments and loans in respect of current and future projects.

4. **Cost Paid by the Province of Nova Scotia**

During the year, services were provided to the Corporation by government departments, the estimated amounts are as follows:

	2000	1999
Legal services	$ 60,000	$ 57,937
Rent	30,000	30,000
	$ 90,000	$ 87,937

The cost of these services is not reflected in these financial statements.

5. **MTT New Media Fund**

The Corporation and Maritime Tel & Tel (MTT) entered into an agreement on August 18, 1997 for the purpose of assisting the Corporation's mandate to develop Nova Scotia film, video and multi-media productions. MTT agreed to contribute $400,000 over three years (1998 - $75,000; 1999 - $150,000; 2000 - $175,000) which contribution will be matched by the Corporation. These funds are to be segregated and disbursed according to guidelines jointly developed by the Corporation and MTT. The activities, assets and liabilities of this fund have therefore been distinguished from those of the general funds of the Corporation in these financial statements.

6. **Equity Investments**

Production assistance in the form of equity investment is provided to eligible producers for the financing of productions that will provide employment and economic benefit to Nova Scotians. Equity investments are made with the condition of repayment through participation in revenues by projects. Revenue is recorded as received.

During the year the Corporation received $124,295 (2000 - $127,714). The total of equity investments of the Corporation to March 31, 2001 is $16,977,968, with recoupment to March 31, 2001 of $889,236, for a net of $16,088,732.

7. **Project Development Loans**

The Corporation provides loans to qualified applicants to support the essential process of development which takes an idea through the stages of research, writing, market analysis and costing, which must precede the completion of production financing arrangements. Support for the development of a project does not necessarily imply support for a production. All project development loans are charged to current expenditures when disbursed. Project development loans are interest free and are to be repaid the earlier of the first day of principal photography or on the optioning, sale or transfer of the property to a third party. Total development loans outstanding on March 31, 2001 were $1,087,873 (2000 - $1,009,346). Development loans of $89,870 (2000 - $52,000) were recouped during the year.

8. Public Service Superannuation Fund

All full-time employees of the Corporation are entitled to receive pension benefits pursuant to the provisions of the pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Corporation's administrative expenses. The Public Service Superannuation Fund is administered by the Department of Finance.

9. Economic Dependence and Related Party Transactions

The Province of Nova Scotia is related party of the Corporation. The Corporation is dependant on the Department of Economic Development for annual funding. Details of any transactions between these related parties are separately disclosed.

NOVA SCOTIA FILM DEVELOPMENT CORPORATION

Schedule of Advertising and Marketing Expenses
and Schedule of Administrative Expenses
year ended March 31, 2001

	2001	2000
Advertising and Marketing Expenses:		
Advertising	$ 40,940	$ 32,800
Annual report	5,670	5,347
Business travel and expenses	21,927	21,402
Location scout	7,291	8,043
Photos/location services	12,801	5,892
Production guide, net of receipts of $72,807 (1999 - $63,342)	(10,510)	5,804
Salaries and benefits	31,991	35,619
	$ 110,110	$ 114,907

	2001	2000
Administrative Expenses:		
Bank charges	$ 2,033	$ 1,124
Board honorarium and expenses	17,212	17,646
Capital equipment	4,894	7,213
Conference/marketing	6,639	6,006
Consultants	7,710	15,110
Courier services	5,021	6,498
Dues, fees and subscriptions	4,733	4,803
Insurance	1,250	1,427
Office supplies	17,138	15,751
Photocopier/fax rental	3,869	5,282
Postage	4,991	6,476
Professional fees	4,000	4,000
Repairs and maintenance	1,742	1,347
Salaries and benefits	240,457	196,123
Staff training	2,481	1,481
Telephone and fax	2,250	12,000
	$ 326,420	$ 302,287

AUDITORS' REPORT

To the Minister of Justice and
Nova Scotia Freedom of Information and Protection of Privacy Review Officer

We have audited the balance sheet of the Nova Scotia Freedom of Information and Protection of Privacy Review Office as at March 31, 2001 and the statements of operations and surplus, capital assets and cash flows for the year then ended. These financial statements are the responsibility of the Office's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Office as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

GRANT THORNTON LLP
Chartered Accountants

Halifax, Nova Scotia
May 18, 2001

NOVA SCOTIA FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY REVIEW OFFICE

Statements of Operations and Surplus
Year Ended March 31, 2001

	2001	2000
Revenue		
Grant from the Province of Nova Scotia	$ 194,853	$ 129,220
Interest and other revenue	2,417	1,070
Conference fees	—	3,150
	197,270	133,440
Expenses		
Salaries, wages and benefits	140,300	83,840
Rent (Note 5)	12,779	7,713
Shared support costs	11,800	10,188
Legal, audit and consulting	10,818	5,300
Travel	8,241	1,669
Office supplies and services	3,882	2,108
Equipment	3,592	8,745
Depreciation	2,939	2,939
Dues and fees	1,794	1,174
Repairs and maintenance	1,503	1,116
Telephone	1,479	2,377
Printing and copying	995	219
Hospitality	87	1,137
Conferences	—	2,183
	200,209	130,708
Operating (deficit) surplus	$ (2,939)	$ 2,732
Surplus, beginning of year	$ —	$ —
Operating (deficit) surplus	(2,939)	2,732
Transfer from (to) investment in capital assets for		
Depreciation	2,939	2,939
Capital asset acquisitions	—	(5,671)
	2,939	(2,732)
Surplus, end of year	$ —	$ —

Balance Sheet
March 31, 2001

	2001	2000
ASSETS		
Current		
Cash	$ 54,688	$ 18,158
Accounts receivable	10,622	12,526
Prepaids	—	1,278
	65,310	31,962
Capital assets	3,146	6,085
	$ 68,456	$ 38,047
LIABILITIES		
Current		
Payments and accruals	$ 65,310	$ 31,962
SURPLUS		
Investment in capital assets (Note 3)	3,146	6,085
	$ 68,456	$ 38,047

Commitment (Note 5)

See accompanying notes to the financial statements.

NOVA SCOTIA FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY REVIEW OFFICE

Statement of Capital Assets
Year Ended March 31, 2001

	Cost			Accumulated Depreciation			2001 Net Book Value	2000 Net Book Value
	Opening	Additions	Closing	Opening	Expense	Closing		
Computer equipment.....	$ 8,010	$ —	$ 8,010	$ 4,346	$ 2,670	$ 7,016	$ 994	$ 3,664
Furniture.........	2,690	—	2,690	269	269	538	2,152	2,421
	$ 10,700	$ —	$ 10,700	$ 4,615	$ 2,939	$ 7,554	$ 3,146	$ 6,085

Statements of Cash Flows
Year Ended March 31, 2001

	2001	2000
Increase (decrease) in cash and cash equivalents		
Operating		
Operating (deficit) surplus..	$ (2,939)	$ 2,732
Depreciation..	2,939	2,939
	—	5,671
Change in non-cash operating working capital (Note 6)................	36,530	5,701
	36,530	11,372
Investing		
Purchase of capital assets.................................	—	(5,671)
Increase in cash and cash equivalents..................................	36,530	5,701
Cash and cash equivalents, Beginning of year..	18,158	12,457
End of year..	$ 54,688	$ 18,158

See accompanying notes to the financial statements.

NOVA SCOTIA FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY REVIEW OFFICE

Notes to the Financial Statements
March 31, 2001

1. Incorporation

The Nova Scotia Freedom of Information and Protection of Privacy Review Office was created pursuant to the Freedom of Information and Protection of Privacy Act, Chapter 5 of the Acts of Nova Scotia, 1993.

2. Summary of significant accounting policies

a) General

These financial statements have been prepared in accordance with generally accepted accounting principles for the public sector.

b) Capital assets

Capital assets purchased by the Review Office with a value greater than $1,000 and a useful life greater than one year are capitalized and amortized over their useful lives on a straight line basis as follows:

Computer equipment	3 years
Furniture	10 years

3. Investment in capital assets

	2001	2000
Balance, beginning of year	$ 6,085	$ 3,353
Capital asset acquisitions	---	5,671
Depreciation	(2,939)	(2,939)
Balance, end of year	$ 3,146	$ 6,085

4. Pensions

Full time employees of the Review Office are civil servants and as such are entitled to receive pension benefits under the Public Service Superannuation Act. The Plan is funded by equal employee and employer contributions. The employer's contributions are included in the Review Office's operating expenses. The Review Office is not responsible for any unfunded liability.

5. Commitment

The Review Office has entered into an agreement to lease its premises until December 31, 2004. The annual rent of premises consists of a minimum rent plus the Review Office's portion of common cost such as maintenance, power, water and property taxes. Minimum rent payable for premises for each of the next four fiscal years is as follows:

2002	5,555
2003	5,555
2004	5,555
2005	4,166

6. Supplement cash flow information

	2001	2000
Change in non-cash operating working capital		
Accounts receivable	$ 1,904	$ (5,063)
Payables and accruals	33,348	12,042
Prepaids	1,278	(1,278)
	$ 36,530	$ 5,701

7. Related party transactions

The Freedom of Information and Protection of Privacy Review Office is an independent agency of the Province of Nova Scotia. Funding for the Review Office is provided from the Consolidated Fund of the Province through a public service vote. Any retained surplus of the Review Office is refundable to the Province.

Transactions with the Province by financial statement category are as follows:

	2001	2000
Grant from the Province of Nova Scotia	$ 194,853	$ 129,220
Accounts receivable	10,622	—
Payables and accruals	—	3,495
Surplus - investments in capital assets	3,146	6,085

To minimize cost to government while preserving the independence of the Review Office some administrative support is provided by another agency, the Nova Scotia Utility and Review Board (NSUARB). The NSUARB recovers all direct costs paid on behalf of the Review Office and charges a portion of its administrative overhead for the service.

Transactions with the NSUARB by financial statement category are as follows:

	2001	2000
Shared support costs	$ 11,800	$ 10,188
Payables and accruals	51,204	2,256

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Nova Scotia; and
To the Minister of Finance

I have audited the balance sheet of the Nova Scotia Gaming Corporation as at March 31, 2001 and the statement of income and retained earnings for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 31, 2001

NOVA SCOTIA GAMING CORPORATION

Balance Sheet
as at March 31, 2001

ASSETS

		Restated
	2001	2000
	(in thousands)	
		(Note 4, 16,18)
Current		
Cash & short term investments (Note 3)	$ 17,123	$ 12,140
Cash - restricted (Note 2)	6,991	4,285
Accounts Receivable	—	10
Inventory	2,500	2,111
Prepaids	251	161
	26,865	18,707
Long-term		
Cash - Casino Replacement Reserve (Note 3)	5,080	3,699
Investment in Atlantic Lottery Corporation Inc.	1	1
Investment in Interprovincial Lottery Corporation (Note 6)	1	1
Capital Assets (Note 7)	114,693	27,712
	119,775	31,413
	$ 146,640	$ 50,120

LIABILITIES

Current		
Accounts Payable	$ 1,298	$ 1,302
Deferred Lottery Revenue	923	1,129
Liabilities for Unclaimed Prizes (Note 2)	6,991	4,285
Capital Obligation - current portion (Note 8)	22,496	2,320
Due to Nova Scotia Harness Racing Incorporated (Note 11)	—	91
Due to Operators (Note 12)	10,122	8,968
Due to Atlantic Gaming Equipment Limited	12,118	8,715
Due to Nova Scotia Gaming Foundation	68	56
Due to Province of Nova Scotia	13,706	8,069
	67,722	34,935
Long-term		
Capital Obligation (Note 8)	72,451	10,056
	140,173	44,991

EQUITY

Casino Capital Replacement Reserve (Note 9)	6,467	5,129
	$ 146,640	$ 50,120

Contingencies and Commitments (Notes 3, 5,11, 14 and 15)

See accompanying notes to the financial statements.

NOVA SCOTIA GAMING CORPORATION

Statement of Income and Retained Earnings for the Year Ended March 31, 2001

(in thousands)

	2001						2000 - Restated					
	Lotteries (Schedule I)			Casinos (Schedules II/III)			Lotteries (Schedule I)			Casinos (Schedules II/III)		Notes 4 16 & 18
	Ticket Lottery	Video Lottery	Overhead	Halifax	Sydney	Total	Ticket Lottery	Video Lottery	Overhead	Halifax	Sydney	Total
Revenues	$ 204,055	$ 146,497	$ —	$ 69,182	$ 31,029	$ 450,763	$ 194,620	$ 138,242	$ —	$ 55,635	$ 28,516	$ 417,013
Expenses	150,277	41,732	6,879	67,195	24,966	291,049	141,598	40,147	6,175	44,382	24,836	257,138
Profit Distribution	$ 53,778	$ 104,765	$ (6,879)	$ 1,987	$ 6,063	$ 159,714	$ 53,022	$ 98,095	$ (6,175)	$ 11,253	$ 3,680	159,875
Other Income						1,016						1,402
Other expenses												
Special Payments and Bonus Commissions (Note 5)						213						216
Nova Scotia Gaming Foundation Contribution (Note 2)						732						691
Nova Scotia Harness Racing Fund Contribution (Note 11)						1,000						1,752
Management Expenses (Schedule IV)						2,542						2,351
Ticket and Video Lotteries Repatriation Costs (Note 4)						—						1,394
Income Guarantee repayment (Notes 2 and 3)						700						5,784
						5,187						12,188
Net Income						155,543						149,089
Retained earnings, beginning of year						—						—
Payments to Province						155,543						149,089
Retained earnings, end of year						$ —						$ —

See accompanying notes to the financial statements.

Notes to the Financial Statements
for the year ended March 31, 2001

1. Description of Business

The Corporation was incorporated on February 15, 1995, by Chapter 4 of the Acts of 1994-95, the Gaming Control Act. The purpose of the Corporation is to develop, undertake, organize, conduct and manage casinos and other lottery schemes on behalf of the Province.

2. Accounting Policies

a) Basis of Presentation
The financial statements have been prepared in accordance with generally accepted accounting principles. A statement of cash flows is not provided as disclosure in the balance sheet and the income statement is considered adequate.

b) Casino Revenue
In accordance with industry practice, casino revenues are reported as the net win from gaming activities, which is the difference between amounts wagered and amounts paid as winnings. Casino revenues are reported net of accruals for anticipated amounts to be paid as winnings for progressive slot machine jackpots.

c) Ticket Lottery Revenues
In accordance with industry practice, gross ticket lottery sales are recorded before deducting sales discounts and prize expense.

d) Video Lottery Revenue
In accordance with industry practice, video lottery revenues are reported as the net revenues from video lottery activities, which is the difference between amounts wagered and amounts paid as winnings.

e) Income Guarantee
In accordance with the Operating Contract between Metropolitan Entertainment Group (Operator), the Corporation and Sheraton International Inc. (Guarantor), an income guarantee was provided to the Corporation, which provided that if Total Provincial Revenue was less than $25 million in each of the four years ended July 31, 1999, then the Operator would pay to the Corporation an amount equal to the difference between Total Provincial Revenue and $25 million. Total Provincial Revenue was defined to include the aggregate of casino win tax (20%) paid to the Province of Nova Scotia, annual registration fees of one hundred thousand dollars paid to the Nova Scotia Alcohol and Gaming Authority and the annual net operating income of the Corporation from the casino complexes.

If Total Provincial Revenue exceeded $25 million in any year through to July 31, 2000, any previous guarantee payments paid by the Operator to the Corporation would be recovered to the extent Total Provincial Revenue is in excess of $25 million in such year. The Corporation records any repayments to the Operator as a reduction of net income of the Corporation.(Note 3)

f) Capital Assets
Capital Assets are stated at cost less accumulated amortization.

Amortization on the Corporation's head office capital assets is provided on the declining balance basis at the following annual rates:

Computer equipment	30%
Furniture and equipment	20%

Amortization of the Halifax and Sydney casino assets is recorded on a straight-line basis according to their estimated useful lives at rates between 2.5% and 20%.

Amortization on the Corporation's capital assets used in the operation of its lottery businesses is recorded on the straight-line basis according to their estimated useful life at rates between 10% and 33%. Leasehold improvements are amortized over the remaining lease term, including 1 renewal period.

g) Nova Scotia Gaming Foundation Contribution
VLT retailers in Nova Scotia have agreed, under the terms of their retailer agreements with Atlantic Lottery Corporation Inc. to contribute 1% of their VLT commission to the Nova Scotia Gaming Foundation. The Corporation has agreed to contribute an amount equal to all contributions made by the VLT retailers.

h) Long-term Investments
Investments in the Atlantic Lottery Corporation Inc. and the Interprovincial Lottery Corporation are recorded using the cost method of accounting for investments.

i) Unclaimed Lottery prizes
Unclaimed prizes from regional lottery games are retained in a prize fund for one year from the announced beginning date of the draw. Prizes of national lottery games are funded directly by the Interprovincial Lottery Corporation with the exception of prizes for certain free tickets, which are paid out of general funds as incurred.

j) Use of Estimates
In preparing the Corporation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

3. Casino Nova Scotia

a) Operating Contract

i) Term and Structure

On May 31, 1995, the Corporation entered into an Operating Contract with Metropolitan Entertainment Group (Operator), then a partnership between ITT Sheraton Canada Ltd. (now Park Place Entertainment Scotia Limited) and Purdy's Wharf Development Limited (now East Port Properties Ltd.), to operate casinos in Halifax and Sydney for a period expiring on December 31, 2015.

ii) Payments to Operator

The Operator is entitled to certain payments from each casino calculated with reference to the following items, which are listed in Section 4.7 of the Operating Contract:

- an amount based upon the Operator's Capital Investment in Halifax ($89.0 million total, $84.3 million outstanding) and Sydney ($23.2 million total, $10.1 million outstanding) with respect to each casino complex, to be amortized straight-line over a three year term in Halifax interim casino, a ten year term in the Sydney casino and a seven year term in the Halifax permanent casino, with interest calculated monthly at 12% per annum on the total outstanding capital investment;

- an amount equal to 1.5% of casino revenue before casino win taxes (20%) to fund a capital replacement reserve.

- an amount equal to 3% of casino revenue before casino win taxes (20%) in Sydney as a Base Fee and 10% of casino revenue less casino win taxes, the Base Fee and Operating Expenses as an Incentive Fee;

- an amount equal to the Operator's shortfall in any one year that income is insufficient to make payments, as described above; and

- an amount equal to 35% of cash available for distribution in Halifax.

iii) Operating Period

Net operating income earned by the Corporation is calculated based upon the operating period defined in the Operating Contract as January 1 - December 31. Any net operating income earned by the Corporation during the period January 1 - March 31, 2001 is subject to adjustment for the results of operations in the period April 1 - December 31, 2001.

b) Cash in Casino Accounts
Under the Operating Contract, the cash is managed by the Operator on behalf of the Corporation. The Corporation has included $11,140,000 (2000 - $6,756,000) in cash from the Casino Accounts on the Balance Sheet.

c) Income Guarantee
The income guarantee and clawback periods were on July 31, 2000. Payments/Repayments for these period were as follows:

July 31, 1996	$	9,621,000
July 31, 1997		5,813,000
July 31, 1998		5,564,000
July 31, 1999		(4,379,000)
July 31, 2000		(4,498,000)
Net payment received	$	12,121,000

Between April 1, 2000 and July 31, 2000, Total Provincial Revenue exceeded the income guarantee pro-rata allocation by $700,000 (2000 - $5,784,000), which reduced the Corporation's net operating income for the year (Note 2).

d) Interest on GST/HST Award
On January 28, 2000, the Corporation received payment of $21.6 million from Metropolitan Entertainment Group in satisfaction of an award made in favour of the Corporation following arbitration over the interpretation of GST/HST in the Operating Contract. The arbitrator's award included interest of $1.2 million.

e) Casino Option Contract
Upon expiration of the Operating Contract in 2015, the Corporation has the option to purchase each of the Halifax and the Sydney casino complexes, including capital assets and working capital totalling $3.1 million for the price of $1.00. The Corporation also has an option to purchase each of the two casino complexes in year 10 or year 15 of the Contract.

f) Capital Replacement Reserve
A capital replacement reserve, based on 1.5% of annual gross operating revenues of the casinos, is intended to provide for replacement of casino capital assets.

4. Atlantic Lottery Corporation Inc.

a) Profit Distribution

In 1976, the Atlantic Lottery Corporation was set up by the four Atlantic Provinces to operate lottery and gaming activities in the region.

The Atlantic Lottery Corporation Inc. is the Corporation's exclusive agent to operate ticket lotteries and video lotteries in Nova Scotia. Each of the Corporation, Province of Newfoundland, Lotteries Commission of New Brunswick and Prince Edward Island Lotteries Commission own 25 per cent of the Atlantic Lottery Corporation Inc.

In March 1999, the Corporation served notice to Atlantic Lottery Corporation Inc. of its intention to withdraw its ticket and video lottery businesses from the Atlantic Lottery Corporation Inc. On January 21, 2000, an agreement in principle was reached among the shareholder provinces for the Corporation to continue as a shareholder of the Atlantic Lottery Corporation Inc., and to continue to operate its lottery businesses through the Atlantic Lottery Corporation Inc. As a result, all ticket and video lottery repatriation costs were expensed during the year ended March 31, 2000.

b) Agency Agreement

The Corporation entered into an Agency Agreement (the "Agreement") with the Atlantic Lottery Corporation Inc. whereby the Corporation has appointed the Atlantic Lottery Corporation Inc. to operate ticket and video lotteries in Nova Scotia as an agent of the Corporation on the terms and conditions set out in the Agreement. Under the Agreement, the Atlantic Lottery Corporation Inc. cannot make any material change relating to the conduct and management of lotteries in Nova Scotia without the approval of the Corporation. The Agreement has not yet been signed; however, it has been implemented operationally since April 1, 2000. Management does not believe that there will be any significant changes to the financial statements as a result of signing the Agreement.

The Agreement requires that the Corporation's revenues be kept in a separate account and not co-mingled with those of the other provinces. The Corporation's costs are to be deducted from its account. The Agreement clarified that assets acquired or liabilities incurred by the Atlantic Lottery Corporation Inc. exclusively for the operation of the lotteries in Nova Scotia are the Corporation's. As a result, for financial statement reporting purposes, the Corporation has included these assets and liabilities on its balance sheet, with the balance recorded as amounts due to the Atlantic Lottery Corporation Inc. or Atlantic Gaming Equipment Limited (a subsidiary of the Atlantic Lottery Corporation Inc.), as appropriate. The Corporation has not recorded any portion of those assets and liabilities that are shared by all Atlantic Lottery Corporation Inc. shareholders in which the Corporation has an interest, the treatment and valuation of which has not yet been determined. This includes common capital assets and expired prizes in the unclaimed prize fund pre - April 1, 2000. Consideration will be given to recording these assets and liabilities once the Atlantic Lottery Corporation Inc.'s By- Laws are revised, which is expected to occur in 2001-02.

The amounts due to the Atlantic Lottery Corporation Inc. and Atlantic Gaming Equipment Limited represent a portion of the Atlantic Lottery Corporation Inc.'s line of credit, which bears interest at prime less 1% on borrowings equal to funds on deposit and at prime for amounts borrowed in excess of funds on deposit. the line of credit is secured by a general security agreement over all assets of the Atlantic Lottery Corporation Inc., and those owned by the Corporation.

For comparative purposes, the Corporation has recorded the assets and liabilities retroactively, resulting in the restatement of the March 31, 2000 balance sheet. As a result, total assets at March 31, 2000 increased by $16,207,000 and total liabilities increased by $16,207,000.

The assets and liabilities recorded by the Corporation are recorded for financial statement reporting purposes only and do not necessarily represent the values that the Corporation would take if it were to withdraw from the Atlantic Lottery Corporation Inc.

5. Special Payments and Bonus Commissions

The Corporation is obligated to make direct payments annually to three provincial government bodies as follows:

	2001	2000
The Department of Education and Culture (in support of the Cultural Federation of Nova Scotia)	$ 50,000	$ 50,000
The Department of Agriculture and Fisheries (in support of the Exhibition Association of Nova Scotia)	50,000	50,000
The Sport and Recreation Commission (in support of Sport Nova Scotia)	100,000	100,000
	$ 200,000	$ 200,000

These payments are special funds under the Provincial Finance Act established by the Minister of Finance under Section 14(1) of the Atlantic Lottery Regulations as made under the Gaming Control Act.

Bonus commissions of $13,000 (2000 - $16,000) were paid during the year to ten sporting and cultural organizations.

6. Interprovincial Lottery Corporation

The Interprovincial Lottery Corporation was incorporated on August 16, 1976 under the Canada Business Corporations Act. The Interprovincial Lottery Corporation owns and operates nation-wide lottery games (Lotto 6/49, Super 7, Special Event-Celebration). Nova Scotia holds 1 of 10 shares of this Corporation, and appoints 1 of 21 directors to the Board of Directors of the Interprovincial Lottery Corporation.

7. Capital Assets

	Cost	Accumulated Depreciation	2001 Net Book Value	Restated 2000 Net Book Value
Automotive	$ 576,000	$ 112,000	$ 464,000	$ ---
Computer Equipment	4,824,000	2,876,000	1,948,000	633,000
Furniture and Equipment	129,000	44,000	85,000	205,000
Leaseholds	608,000	170,000	438,000	1,009,000
Halifax Casino Assets	89,118,000	2,958,000	86,160,000	---
Sydney Casino Assets	23,206,000	9,492,000	13,714,000	15,035,000
Casino Furniture and Equipment	2,524,000	1,138,000	1,386,000	1,429,000
On-line gaming terminals	8,870,000	634,000	8,236,000	7,111,000
Video lottery terminals	23,366,000	21,104,000	2,262,000	2,290,000
	$ 153,221,000	$ 38,528,000	$ 114,693,000	$ 27,712,000

8. Capital Obligation

The Corporation has an obligation to repay the operator of the casinos under the Operating Contract for the initial cost of the Halifax and Sydney casinos to the extent that there is adequate cash flow from the casinos to fund these obligations. The Corporation has the option to purchase these casinos. Future minimum obligations based on there being adequate cash flow are as follows:

	Halifax	Sydney	Total
2002	$ 28,768,000	$ 3,400,000	$ 32,168,000
2003	19,797,000	3,121,000	22,918,000
2004	18,269,000	2,843,000	21,112,000
2005	16,741,000	2,564,000	19,305,000
2006	15,214,000	793,000	16,007,000
Subsequently	14,757,000	—	14,757,000
Net minimum obligation	113,546,000	12,721,000	126,267,000
Less: amount representing interest at 12%	28,655,000	2,665,000	31,320,000
Present value of minimum obligation	84,891,000	10,056,000	94,947,000
Less: amount due within one year	20,175,000	2,321,000	22,496,000
Balance of obligation	$ 64,716,000	$ 7,735,000	$ 72,451,000

9. Capital Replacement Reserve Liability

	Halifax	Sydney	2001	2000
Cash balance, beginning of year	$ 2,388,000	$ 1,311,000	$ 3,699,000	$ 3,440,000
Funding	1,038,000	466,000	1,504,000	1,263,000
Interest	211,000	103,000	314,000	166,000
Capital Asset purchases	(64,000)	(373,000)	(437,000)	(1,170,000)
Cash balance, end of year	3,573,000	1,507,000	5,080,000	3,699,000
Add: cumulative capital assets purchases	1,484,000	1,041,000	2,525,000	2,086,000
Less: accumulated amortization	(751,000)	(387,000)	(1,138,000)	(656,000)
Balance, end of year	$ 4,306,000	$ 2,161,000	$ 6,467,000	$ 5,129,000

10. Related Party Transactions

The Province of Nova Scotia, Nova Scotia Harness Racing Incorporated, Atlantic Gaming Equipment Limited and Atlantic Lottery Corporation Inc. are related parties of the Corporation. Details of any transactions between these related parties are separately disclosed in the financial statements.

11. Harness Racing

The Corporation annually contributes to the Nova Scotia Harness Racing Fund amounts approved by the Minister of Finance. In May 2000, Government approved a contribution of up to $1 million in 2000-01 to support the harness racing industry in Nova Scotia.

In March 2001, Government approved a $1 million contribution in 2001-02 to support the harness racing industry in Nova Scotia.

12. Due to Operators

	2001	Restated 2000
Due to Atlantic Lottery Corporation	$ 786,000	$ (2,039,000)
Due to Metropolitan Entertainment Group	—	3,798,000
Due from Lottery Operations	(6,396,000)	(5,156,000)
Due to Lottery Operations	5,789,000	6,407,000
Due to Casino Operations	9,943,000	5,958,000
	$ 10,122,000	$ 8,968,000

13. GST/HST

On September 16, 1998, the draft Games of Chance (GST) Regulations were promulgated and took effect because of a "coming into force" provision retroactive to February 15, 1995. As a result of these changes, the Corporation expensed $362,000 during the year ended March 31, 2000.

14. Other Commitments

The Corporation is required to make annual lease payments of approximately $82,000 over the next five years.

The Corporation's share of the Atlantic Lottery Corporation Inc.'s minimum lease payments for the premises is $5,143,000. It's share of commitments to acquire on-line and Video Lottery Terminals in 2001-02 is $13,772,000.

15. Other Contingencies

a) A former Director of the Corporation has commenced legal action against the Corporation alleging constructive dismissal and claiming damages for that dismissal.

b) The Corporation is required to review and approve the development costs of the Halifax permanent casino. Based upon this review, the Corporation believes that certain of the amounts submitted for approval do not fall within the parameters of the Halifax Casino Construction contract. As a result, the Corporation has accounted for the Halifax permanent casino based upon development costs of $89.0 million. It is currently expected that this matter will be resolved in accordance with the dispute resolution clause in the Halifax Casino Construction Contract. Any necessary adjustments to the development costs will be accounted for in 2001-02.

16. Comparative figures

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted in this fiscal year.

17. Pensions

All permanent employees of the Corporation are entitled to receive pension benefits under the Province of Nova Scotia Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer contributions are included in the Corporation's management expenses. The Corporation is not responsible for any unfunded liability with respect to the superannuation fund.

18. Change in Accounting Policy

During the year, the Corporation changed its method of accounting for casino capital assets. This policy has been adopted retroactively resulting in the restatement of the March 31, 2000 results. The impact of this restatement on the March 31, 2000 financial statements is as follows:

	As Reported	Adjustment	Restated
As at March 31, 2000:			
Sydney Casino Assets	$ —	$ 15,035,000	$ 15,035,000
Casino furniture and equipment	—	1,429,000	1,429,000
Casino Capital Replacement Reserve Cash	—	3,699,000	3,699,000
Casino Capital Replacement Reserve Liability	—	5,129,000	5,129,000
Capital Obligation	—	12,376,000	12,376,000
Due to Province of Nova Scotia	$ 5,411,000	$ 2,658,000	$ 8,069,000
For the year ended March 31, 2000:			
Amortization expense - Sydney casino	$ —	$ 1,816,000	$ 1,816,000
Interest - Sydney casino	—	1,636,000	1,636,000
Amortication of Capital Investment and Interest	$ 3,957,000	$ (3,957,000)	$ —

The impact of this restatement on the March 31, 2001 financial statements is as follows:

	As Reported	Adjustment	Restated
As at March 31, 2001			
Halifax Casino Assets	—	86,160,000	86,160,000
Sydney Casino Assets	—	13,714,000	13,714,000
Casino furniture and equipment	—	1,386,000	1,386,000
Casino Capital Replacement Reserve Cash	—	5,080,000	5,080,000
Casino Capital Replacement Reserve Liability	—	6,467,000	6,467,000
Capital Obligation	—	94,947,000	94,947,000
Due to Province of Nova Scotia	8,780,000	4,926,000	13,706,000
For the year ended March 31, 2001:			
Amortization expense - Halifax	—	2,958,000	2,958,000
Interest - Halifax	—	9,369,000	9,369,000
Amortization of Capital Investment and Interest - Halifax	13,596,000	(13,596,000)	—
Amortization expense - Sydney	—	1,321,000	1,321,000
Interest - Sydney	—	1,358,000	1,358,000
Amortization of Capital Investment and Interest - Sydney	3,678,000	(3,678,000)	—

19. Subsequent Event

Casino Nova Scotia has engaged a consultant to review the HST Regulations applicable to casino operations and determine whether there are potential HST savings. In May 2001, the Corporation received $556,000 in HST savings related to the period June 1995 to February 2001. All adjustments are recorded in the period received. The interpretation of the HST Regulations for other costs is currently under review.

Schedule I

NOVA SCOTIA GAMING CORPORATION

Ticket Lottery and Video Lottery Operating Results
for the year ended March 31, 2001

	Ticket Lottery	Video Lottery	Overhead	Total 2001	Total 2000 (in thousands) (Note16)
Ticket Lottery Sales . . . . . $	204,055 $	— $	— $	204,055	$ 194,620
Ticket Lottery Sales Discounts	62	—	—	62	65
Prize Expense	107,528	—	—	107,528	103,666
Net Ticket Lottery Sales	96,465	—	—	96,465	90,889
Net Video Lottery Sales	—	146,497	—	146,497	138,242
Total Net Sales	96,465	146,497	—	242,962	229,131
Retailer Commissions	13,200	31,516	—	44,716	42,173
Ticket Costs	5,057	136	—	5,193	4,501
	18,257	31,652	—	49,909	46,674
Gross Profit	78,208	114,845	—	193,053	182,457
Operating Expenses					
Salaries & Benefits	5,015	2,435	1,743	9,193	8,112
Travel & Vehicle Expenses	993	518	238	1,749	1,514
General & Professional Services	521	21	516	1,058	1,215
Occupancy Cost	407	200	617	1,224	1,219
Office & Miscellaneous . . .	447	84	269	800	975
Equipment & Maintenance	1,054	1,307	536	2,897	2,180
Telecommunication	1,624	61	450	2,135	1,799
Advertising	3,643	10	321	3,974	3,892
Depreciation & Amortization	1,474	1,338	267	3,079	1,957
Total Operating Expenses	15,178	5,974	4,957	26,109	22,863
Operating Profit	63,030	108,871	(4,957)	166,944	159,594
Other income (expenses) . .	201	974	(9)	1,166	997
Profit Before Other Distribution	63,231	109,845	(4,966)	168,110	160,591
HST Expense	4,738	5,080	397	10,215	9,538
Federal Contribution	—	—	1,516	1,516	1,453
Charity Non-Profit	45	—	—	45	28
Retailer Bonus	4,670	—	—	4,670	4,630
Net Profit . . . . $	53,778 $	104,765 $	(6,879) $	151,664	$ 144,942

NOVA SCOTIA GAMING CORPORATION

Halifax Casino Nova Scotia
Operating Results
for the year ended March 31, 2001

	2001	2000 (in thousands)
Casino Revenue	$ 63,157	$ 54,379
Win Tax	(12,631)	(10,876)
Casino Revenue After Win Tax	50,526	43,503
Beverage, Food and Other Revenue	6,025	1,256
Total Net Revenues	56,551	44,759
Operating Expenses		
Salaries and Benefits	18,855	13,636
Other Expenses Including Cost of Beverage and Food	4,575	1,432
Public Education and Problem Gaming Contribution	686	670
General Administration and Marketing	6,660	5,298
Premise Expense	2,868	1,792
Interest	9,369	—
Amortization	2,958	—
Harmonized Sales Tax	7,168	3,784
	53,139	26,612
Income Before Payments to Operator	3,412	18,147
Payments to Operator (Note 3)		
Capital Replacement Reserve	1,038	835
Operator Fee	387	6,059
	1,425	6,894
Net Operating Income	$ 1,987	$ 11,253

NOVA SCOTIA GAMING CORPORATION

Sydney Casino Nova Scotia
Operating Results
for the year ended March 31, 2001

	2001 (in thousands)	Restated 2000 (Note 18)
Casino Revenue	$ 29,305	$ 26,901
Win Tax	(5,861)	(5,380)
Casino Revenue After Win Tax	23,444	21,521
Beverage, Food and Other Revenue	1,724	1,615
Total Net Revenues	25,168	23,136
Operating Expenses		
Salaries and Benefits	6,167	6,078
Other Expenses Including Cost of Beverage and Food	1,546	1,329
Public Education and Problem Gaming Contribution	314	330
General Administration and Marketing	2,585	2,758
Premise Expense	749	760
Interest	1,358	1,636
Amortization	1,321	1,816
Harmonized Sales Tax	2,562	2,542
	16,602	17,249
Income Before Payments to Operator	8,566	5,887
Payments to Operator (Note 3)		
Capital Replacement Reserve	466	428
Base Fee	931	855
Incentive Fee	1,106	924
	2,503	2,207
Net Operating Income	$ 6,063	$ 3,680

AUDITOR'S REPORT

To the Members of the Legislative Assembly;
To the Minister of Health; and
To the Chair and Members of the Board of the Nova Scotia Gaming Foundation

I have audited the balance sheet of Nova Scotia Gaming Foundation for the 478 days ended March 31, 2001, and the statement of operations and the statement of cash flows for the period then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Nova Scotia Gaming Foundation for the period then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 28, 2001

NOVA SCOTIA GAMING FOUNDATION

Balance Sheet
as at March 31, 2001

ASSETS

	2001	December 8, 1999 Restated (Note 4)
Current Assets		
Cash	$ 3,922,293	$ 2,838,799
Accrued Interest	16,038	1,577
Due from Nova Scotia Gaming Corporation	67,571	66,348
	$ 4,005,902	$ 2,906,724

LIABILITIES

	2001	December 8, 1999 Restated (Note 4)
Current Liabilities		
Accounts Payable	$ 36,800	$ 918
Grants Payable	425,323	455,113
	462,123	456,031
Fund Balance	3,543,779	2,450,693
	$ 4,005,902	$ 2,906,724

Statement of Operations,
for the 478 days ended March 31, 2001

	2001	252 Days Ended December 8, 1999 Restated (Note 4)
Revenue		
Contributions		
Nova Scotia Gaming Corporation	$ 474,176	$ 237,671
VLT Retailers	474,176	237,671
Interest	226,592	77,134
	1,174,944	552,476
Expenses		
Grants	43,083	627,103
Administrative Salaries & Benefits	26,636	—
Administrative Fees	—	10,473
Advertising	8,320	—
Professional Fees	3,380	801
Directors Fees	—	3,675
Staff Training	100	—
Travel	90	—
Office	249	99
	81,858	642,151
Excess (deficiency) of Revenue over Expenses	1,093,086	(89,675)
Fund balance, beginning of year	2,450,693	2,540,368
Fund balance, end of year	$ 3,543,779	$ 2,450,693

NOVA SCOTIA GAMING FOUNDATION

Statement of Cash Flows
for the 478 days ended March 31, 2001

	2001	252 Days Ended December 8, 1999 Restated (Note 4)
Cash Flows from operating activities	$ 1,093,086	$ (89,675)
Add (deduct) changes in non-cash working capital		
Change in accrued interest	(14,461)	(1,577)
Due from Nova Scotia Gaming Corporation	(1,223)	(21,425)
Change in accounts payable	35,882	(1,109)
Change in grants payable	(29,790)	373,659
	(9,592)	349,548
Increase (decrease) in cash	1,083,494	259,873
Cash, beginning of year	2,838,799	2,578,926
Cash, end of year	$ 3,922,293	$ 2,838,799

NOVA SCOTIA GAMING FOUNDATION

Notes to Financial Statements
for the 478 Days Ended March 31, 2001

1. Description of the Foundation

On March 11, 1998, the Nova Scotia Gaming Foundation was established pursuant to the Gaming Control Act and the Provincial Finance Act. The purpose of the Foundation is to receive, maintain and disburse VLT Problem Gaming Fund monies in furtherance of the purposes set out in the Gaming Control Act, including research or education in respect of gambling, or treatment and remediation of the effects of gambling.

VLT retailers have agreed, under the terms of their retailer agreements, to contribute 1% of their VLT commission to the Foundation. The Nova Scotia Gaming Corporation has also agreed to contribute an amount equal to all contributions made by the VLT retailers.

2. Transfer of Responsibility

On December 1, 1999, Lieutenant Governor in Council amended the Nova Scotia Gaming Foundation Regulations by Order in Council 1999-592 replacing the Nova Scotia Gaming Corporation with the Minister of Health as the body responsible for the Foundation effective December 8, 1999. The Foundation is managed by a Board of Directors.

3. Accounting Policies

The financial statements have been prepared in accordance with generally accepted accounting principles.

Administrative Services

The Nova Scotia Gaming Corporation was providing administrative services on a cost recovery basis. Accounting services were provided by the Department of Health at no cost for the period ended March 31, 2001.

4. Change in Accounting Policy

During the period, the Nova Scotia Gaming Foundation changed its method of accounting for grants, on a retroactive basis, from expensing them as disbursed to recording and accruing them as awarded. Any difference between the awarded amount and the actual disbursement will be charged or credited to income in the period in which the adjustment is determined.

The impact of the change on the Financial Statements for the 252 day period ended December 9, 1999 is as follows:

a) Expenses increased by $373,659
b) Liabilities increased by $455,113
c) Opening fund balance decreased by $81,454
c) Ending fund balance decreased by $455,113.

5. Comparative Figures

These financial statements for the 478 days ended March 31, 2001 have been prepared from December 8, 1999, the date of transition of the administration of the Foundation to the Minister of Health. Comparative figures for the 252 days ended December 8, 1999 have been reclassified to conform to the presentation adopted for the current period.

AUDITOR'S REPORT

To the Shareholder of the
Nova Scotia Government Fund Limited

We have audited the balance sheet of the Nova Scotia Government Fund Limited as at December 31, 2000 and the statements of earnings and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2000 and results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP
Chartered Accountants

May 11, 2001

NOVA SCOTIA GOVERNMENT FUND LIMITED

Balance Sheet
as at December 31, 2000

	2000	1999
ASSETS		
Cash and marketable securities (Note 2)	$ 13,640,321	$ 13,185,672
Loan and advances receivable (Note 3)	11,025,000	11,025,000
Interest receivable	715,530	322,266
Deferred financing costs (Note 4)	2,508,046	2,508,046
	$ 27,888,897	$ 27,040,984
LIABILITIES		
Accounts payable and accrued liabilities	$ 13,280	$ 23,345
Notes payable (Note 5)	25,750,000	25,750,000
	25,763,280	25,773,345
EQUITY		
Share capital (Note 7)	1	1
Retained earnings	2,125,616	1,267,638
	2,125,617	$ 1,267,639
	$ 27,888,897	$ 27,040,984

Contingency, Note 5

Statement of Earnings and Retained Earnings
Year Ended December 31, 2000

	2000	1999
Revenue		
Interest	$ 1,392,818	$ 1,077,497
Expenses		
Administration fees	220,768	301,211
Professional fees	8,190	44,880
Interest expense	305,875	305,532
Bank and interest charges	7	105
	534,840	651,728
Net earnings	857,978	425,769
Retained earnings, beginning of year	1,267,638	841,869
Retained earnings, end of year	$ 2,125,616	$ 1,267,638

NOVA SCOTIA GOVERNMENT FUND LIMITED

Statement of Cash Flows
Year Ended December 31, 2000

	2000	1999
Net inflow (outflow) of cash related to the following activities:		
Operating		
Net earnings	$ 857,978	$ 425,769
Changes in non-cash operating working capital items	(403,329)	(214,470)
	454,649	211,299
Investing		
Loan receivable (Note 3)	—	(3,585,444)
Funds held in escrow (Note 3)	—	(7,439,556)
	—	(11,025,000)
Financing		
Issue of notes	—	250,000
Note cancellation	—	(500,000)
Deferred financing charges	—	26,500
	—	(223,500)
Net cash inflow (outflow)	454,649	(11,037,201)
Cash and marketable securities, beginning of year	13,185,672	24,222,873
Cash and marketable securities, end of year	$ 13,640,321	$ 13,185,672
Cash and marketable securities represented by:		
Cash in bank	$ 163,412	85,704
Province of Nova Scotia promissory notes (unsecured)	13,476,909	13,099,968
	$ 13,640,321	$ 13,185,672

NOVA SCOTIA GOVERNMENT FUND LIMITED

Notes to Financial Statements
Year Ended December 31, 2000

1. THE FUND

The Fund is an approved government administered venture capital fund pursuant to the Immigration Act of Canada and related regulations. The Fund was incorporated under the Nova Scotia Companies Act on December 31, 1994.

2. ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

(a) Cash and Marketable Securities

Cash consists of cash on hand with a financial institution and marketable securities consist of Province of Nova Scotia promissory notes (unsecured).

(b) Marketable Securities

Long-term investments are carried at cost. In the event of a decline in value which is other than temporary in nature, the investments are written down to estimated realizable value.

(c) Financing costs

Financing costs are deferred and amortized on a straight-line basis over five years, commencing from the date of the Fund achieving and maintaining at least 70% of its investments in active business operations.

3. LOAN AND ADVANCES RECEIVABLE

In July 1999, the Fund agreed to lend the sum of $11,025,000 to Alderney Landing Limited and Nova Learning Incorporated. As at December 31, 2000, $11,025,000 has been released to fund construction projects of the borrower.

4. DEFERRED FINANCING COSTS

Financing costs are deferred and amortized over the five-year life of the related debt. The five-year term commences when the Fund has invested 70% of the note issue amount in active business operations. At December 31, 2000, no amortization has been charged because the conditions have not been met.

5. NOTES PAYABLE

The notes payable are unsecured and bear interest at rates of 2.075% and 1% annually. The notes call for repayment 5 years and 9 months after the date of issue, subject to the Fund's maintaining at least 70% of its investments in active business operations for 5 years.

The Immigration Act of Canada stipulates that the investor's funds must be invested within nine months of receipt. The Nova Scotia Government Fund Limited has not met this requirement for the majority of the funds received, as confirmed by a report from Citizenship and Immigration Canada following the completion of an audit. In addition, the Fund has only completed one investment to date rather than the minimum of two investments required. No provision for financial ramifications related to these requirement, if any, are included in these financial statements. Due to the 5-year minimum investment period required by the regulations, delays will result in the repayment of the notes payable.

6. OPERATIONS

Subsequent to the year-end, the Board of Directors continues to actively and diligently pursue opportunities to bring the Fund into compliance with the 70% minimum investment requirement.

7. SHARE CAPITAL

Authorized:
40,000 Common shares with no par value

	2000	1999
Issued:		
100 Common shares	$ 1	$ 1

8. RELATED PARTY

The 100 common shares issued are held in trust for the Province of Nova Scotia by the Minister of Finance.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Nova Scotia; and
To the Minister of Finance

I have audited the balance sheet of the Nova Scotia Harness Racing Incorporated as at March 31, 2001 and the statement of income for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 31, 2001

NOVA SCOTIA HARNESS RACING INCORPORATED

Balance Sheet
as at March 31, 2001

ASSETS

	2001	2000
	(in thousands)	
Current		
Bank	$ 1	$ 1
Due from Nova Scotia Gaming Corporation	—	92
	1	93
Long-term		
Investment in ALC Harness Racing Corporation (Note 2)	—	—
	$ 1	$ 93

LIABILITIES

	2001	2000
Current		
Accounts payable	$ 1	$ 1
Due to ALC Harness Racing Corporation	—	92
	$ 1	$ 93

Income Statement
for the year ended March 31, 2001

	2001	2000
	(in thousands)	
Revenue		
Contribution to the Nova Scotia Harness Racing Fund from Nova Scotia Gaming Corporation	$ 1,000	$ 1,752
Expenses		
Contribution to ALC Harness Racing Corporation grant program	15	1,750
Contribution to NS Department of Agriculture & Fisheries	985	—
Professional fees	—	2
	1,000	1,752
Excess of revenue over expenses	$ —	$ —

See accompanying notes to the financial statements.

NOVA SCOTIA HARNESS RACING INCORPORATED

Notes to the Financial Statement
for the year ended March 31, 2001

1. Description of the Business

Nova Scotia Harness Racing Incorporated was incorporated under the Companies Act on March 1, 1999 and designated as a crown corporation on April 7, 1999, to manage and administer the Nova Scotia Harness Racing Fund, a special fund created by the Nova Scotia Harness Racing Incorporated Regulations and to oversee Nova Scotia's involvement in supporting the harness racing industry in the Province through its agent, ALC Harness Racing Corporation.

Nova Scotia Harness Racing Incorporated holds one share, and therefore had a 33.33% interest, in ALC Harness Racing Corporation, a corporation incorporated to carry out the mandate of providing marketing and promotional assistance to the Maritime Provinces' harness racing industry. Atlantic Lottery Corporation Inc. owned the remaining 66.67% of ALC Harness Racing Corporation holding two shares on behalf of each of the Province of New Brunswick and the Province of Prince Edward Island. During the year ended March 31, 2000, ALC Harness Racing Corporation provided marketing and promotional support to seven race tracks in the Maritime Provinces through the distribution of grant funding in accordance with the terms of grant agreements between ALC Harness Racing Corporation and the race tracks.

Nova Scotia, Prince Edward Island and New Brunswick decided to discontinue the operations relating to ALC Harness Racing Corporation effective April 1, 2000. In the year ended March 31, 2001, Nova Scotia Harness Racing Incorporated contributed $14,745 to ALC Harness Racing Corporation representing Nova Scotia's share of the final costs from discontinuing the operation of ALC Harness Racing Corporation.

In March 2000, the Government decided to provide up to $1,000,000 in 2000-01 to support the harness racing industry in Nova Scotia. In addition to the $14,745 provided to ALC Harness Racing Corporation, $985,118 was provided by the Nova Scotia Gaming Corporation to the Nova Scotia Harness Racing Fund and paid by Nova Scotia Harness Racing Incorporated to the Department of Agriculture and Fisheries. The Department of Agriculture and Fisheries managed the monies received from the Fund and determined how they would be distributed to the industry.

2. Accounting Policies

a) Basis of Presentation

The financial statements have been prepared in accordance with generally accepted accounting principles. A statement of cash flow is not provided as disclosure in the balance sheet and the income statement is considered adequate.

b) Investments

Nova Scotia Harness Racing Incorporated recorded its investment in ALC Harness Racing Corporation at March 31, 2000 using the cost method of accounting for investments. The value of this investment was $1. As a result of the dissolution of ALC Harness Racing Corporation at April 1, 2000, Nova Scotia Harness Racing Incorporated wrote off its share.

3. Share Capital

The authorized capital of Nova Scotia Harness Racing Incorporated is one common share without nominal or par value, which has been issued to Her Majesty the Queen in Right of the Province of Nova Scotia.

AUDITORS' REPORT

To the Directors of the Nova Scotia Health Research Foundation

We have audited the balance sheet of Nova Scotia Health Research Foundation as at March 31, 2001 and the statements of the Foundation's equity and operating support and expenses for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2001 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

LYLE TILLEY DAVIDSON
Chartered Accountants

June 12, 2001

NOVA SCOTIA HEALTH RESEARCH FOUNDATION

Balance Sheet
as at March 31, 2001

ASSETS

	2001	2000
CURRENT ASSETS		
Cash		
- administration	$ 8,799	$ 30,943
- restricted	—	183,371
Short term investments		
- administration	545,773	344,389
- restricted	1,678,577	1,951,539
Accounts receivable - administration	9,466	227
Prepaids	45,458	—
	2,288,073	2,510,469
CAPITAL ASSETS (notes 2 and 5)	27,777	—
	$ 2,315,850	$ 2,510,469

LIABILITIES

		2001	2000
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	- administration	$ 104,979	$ 2,453
	- restricted	1,821,876	—
		1,926,855	2,453

FOUNDATION'S EQUITY

	2001	2000
Unrestricted (note 4a)	532,294	373,106
Restricted (note 4b)	(143,299)	2,134,910
	388,995	2,508,016
	$ 2,315,850	$ 2,510,469

Statement of Foundations's Equity
for year ending March 31, 2001

UNRESTRICTED FUND EQUITY

	2001	2000
UNRESTRICTED FUND - BEGINNING OF YEAR	$ 373,106	$ —
Excess of support over expenses	159,188	373,106
UNRESTRICTED FUND - END OF YEAR	$ 532,294	$ 373,106

RESTRICTED FUND EQUITY (DEFICIT)

	2001	2000
RESTRICTED FUND - BEGINNING OF YEAR	$ 2,134,910	$ —
Support for grants	2,125,000	2,125,000
Canadian Health Services grant (note 8)	113,378	—
Issuance of grants	(4,601,902)	—
Interest on restricted funds (note 6)	85,315	9,910
RESTRICTED FUND - END OF YEAR	$ (143,299)	$ 2,134,910

NOVA SCOTIA HEALTH RESEARCH FOUNDATION

Statement of Operating Support and Expenses
for the year ending March 31, 2001

	2001	2000
OPERATING SUPPORT		
Grant revenue	$ 375,000	$ 375,000
Interest income	12,680	1,748
	387,680	376,748
OPERATING EXPENSES		
Advertising and promotion	32,436	26
Amortization	3,687	—
Capacity support	22,500	—
Honorarium	21,750	—
Interest and bank charges	359	5
Miscellaneous	6,258	—
Office	31,132	66
Professional fees	24,046	1,451
Salaries, wages and benefits	72,491	—
Telephone	2,710	—
Travel	11,123	2,094
	228,492	3,642
EXCESS OF OPERATING SUPPORT OVER EXPENSES	$ 159,188	$ 373,106

NOVA SCOTIA HEALTH RESEARCH FOUNDATION

Notes to Financial Statements
for the year ended March 31, 2001

1. CONTENT OF FINANCIAL STATEMENTS

The Nova Scotia Health Research Foundation, established by the Health Research Foundation Act of the Province of Nova Scotia (Bill No. 22) was given Royal Assent on December 3, 1998 and became effective on January 1, 2000. As stated in the Act the objects of the Foundation are to assist, collaborate with and fund individuals and organizations conducting health research in the Province including the fields of health policy, health promotion and health care and without limiting the generality of the foregoing, assist health-services research, health-outcome research, health public-policy research and medical research.

The accompanying financial statements include only the assets and operations of the Foundation.

2. ACCOUNTING POLICY

Capital Assets

Capital assets are recorded at cost, and are amortized using the following annual rates and methods:

Asset	Rate %	Method
Computer equipment	30	Declining balance
Furniture and fixtures	20	Declining balance

Amortization is calculated at one-half of the normal annual rate in the year of acquisition; no amortization is recorded in the year of disposal.

Fund Accounting

The Foundation uses the fund accounting methods of presenting its assets, liabilities and results of operations. This method recognizes the limitations and restrictions placed on the use of the resources available to the Foundation by classifying all transactions according to their nature.

Financial Instruments

The Foundation's financial instruments consist of cash, accounts receivable, short-term investments, and accounts payable. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

3. DISTRIBUTION OF FUNDING

The annual grant made to the Foundation, which is provided from funds appropriated by the Nova Scotia Legislature, shall be distributed in accordance with the objects of the Foundations as follows:

(a) 40% shall be spent on medical research
(b) 15% shall be spent on health-outcome research
(c) 15% shall be spent on health-services research
(d) 15% shall be spent on health public-policy research
(e) a maximum of 15% may be spent on the administration of the Foundation and 5% of the total amount spent on administration shall be spent on increasing the public knowledge and awareness of the Foundation.

If less than the total money allocated is spent in any of the categories, the remaining portion shall be reallocated to one of the remaining categories in a manner determined by the Board.

4. FUND ACCOUNTING

(a) Unrestricted Fund

The Unrestricted Fund is used to account for the primary operations of the Foundation, including costs related to administration, operations, and promotion of public awareness of the Foundation. Government grants and other income recorded directly by this fund include only those available for unrestricted operating purposes.

(b) Restricted Fund

The Restricted Fund is used to account for funds received that are designated for the issuance of grants for research including medical, health-outcome, health-services, and public policy research. At the time the approved grants are issued, the expenditures are recorded as a reduction of the fund equity.

5. CAPITAL ASSETS

	2001			2000
	Cost	Accumulated amortization	Net	Net
Computer equipment	$ 10,797	$ 1,620	$ 9,177	$ —
Furniture and fixtures	20,667	2,067	18,600	—
	$ 31,464	$ 3,687	$ 27,777	$ —

6. INTEREST ON RESTRICTED FUND

Since commencement of operations the restricted fund received a support grant from the Province of Nova Scotia, authorized and paid health research grants, and earned interest on the funds invested. These amounts have been distributed to each category as follows:

	Support Grant	Authorized Grants	March 31/00 Interest	March 31/01 Interest	Over/under
Medical Research	$ 2,000,000	$ 2,501,357	$ 4,663	$ 39,600	$ (457,094)
Health-outcome research	750,000	683,744	1,749	14,850	82,855
Health-services research	750,000	666,048	1,749	14,850	100,551
Health public policy research	750,000	688,096	1,749	14,850	78,503
Canadian health services	113,378	62,657	—	1,165	51,886
	$ 4,363,378	$ 4,601,902	$ 9,910	$ 85,315	$ (143,299)

7. TAXATION

According to Bill 22, which was given Royal Assent effective January 1, 2000, the Foundation and its property are exempt from taxation imposed by or under the authority of any enactment of the Province of Nova Scotia.

8. CANADIAN HEALTH SERVICES GRANT

The Nova Scotia Department of Health transferred $113,378 to the Foundation during the year. These funds are restricted for the purpose of supporting the Canadian Health Services Research Foundation's Open Grants Competition. During the year $62,657 of grants were disbursed. Interest earned from these funds invested in a Guaranteed Investment certificate amounted to $1,165 during the year. The balance remaining at March 31, 2001 is $51,886.

9. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the 2001 financial statement presentation.

AUDITOR'S REPORT

To the Members of the Legislative Assembly; and
To the Minister of Community Services

I have audited the balance sheet of the Nova Scotia Housing Development Corporation as at March 31, 2001, and the statements of revenues and expenditures and changes in fund balance for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Nova Scotia Housing Development Corporation as at March 31, 2001, and the results of its operations and the changes in the fund balance for the year then ended in accordance with the accounting policies stated in Note 2 to the financial statements.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
June 29, 2001

NOVA SCOTIA HOUSING DEVELOPMENT CORPORATION

Balance Sheet
as at March 31, 2001

ASSETS

	2001	2000
Current assets		
Accounts receivable and accrued interest	$ 3,324,805	$ 2,594,236
Current portion of mortgages receivable	2,732,650	2,635,900
	6,057,455	5,230,136
Mortgages receivable (Note 4)	34,187,380	36,742,656
Investment in land and social housing (Note 5)	398,366,470	407,365,381
Fund for future social housing expenditures (Note 2)	13,788,194	9,702,415
	$ 452,399,499	$ 459,040,588

LIABILITIES

	2001	2000
Current liabilities		
Payables and accruals	$ 988,124	$ 905,558
Current portion of long-term debt	9,391,102	8,660,698
Deferred federal contributions	13,788,194	9,702,415
	24,167,420	19,268,671
Long-term debt (Note 6)	328,049,529	336,510,749
Reserve for mortgage guarantees indemnified loans and interest fluctuations (Note 7)	13,790,958	12,600,000
Housing Development Corporation Fund (Note 3)	86,391,592	90,661,168
	$ 452,399,499	$ 459,040,588

Commitments and Contingencies (Note 7)

Statement of Revenues and Expenditures
for the Year Ended March 31, 2001

	2001	2000
Revenues		
Interest revenue	$ 2,801,653	$ 3,238,672
Land sales	3,426,878	3,952,005
Recoveries from Canada Mortgage and Housing Corporation (Note 8)	31,848,525	31,848,525
Recoveries from provincial government departments (Note 8)	8,381,281	10,391,893
	46,458,337	49,431,095
Expenditures		
Administration fee	2,952,634	2,685,059
Amortization of investment in social housing	8,501,928	7,911,996
Cost of land sales	5,223,484	4,108,411
Interest on long-term debt	31,280,291	32,658,968
Changes in provision for doubtful accounts and land values	(1,500,000)	2,066,661
	46,458,337	49,431,095
Excess of revenues over expenditures	$ ---	$ ---

The accompanying notes are an integral part of these statements.

NOVA SCOTIA HOUSING DEVELOPMENT CORPORATION

Statement of Changes in Fund Balance
for the year ended *March 31, 2001*

	2001	2000
Funds provided by (used for):		
Operations		
Excess of revenues over expenses	$ —	$ —
Add: Expenses not requiring cash		
Amortization of investment in social housing	8,501,928	7,911,996
Changes in provision for doubtful accounts and land values	(1,500,000)	2,066,661
Loss on sale of land	1,796,606	156,406
Net change in operating assets and liabilities	(648,003)	(209,743)
	8,150,531	9,925,320
Investing activities		
Decrease in mortgages receivable	2,458,527	1,410,701
Transfer of Housing Development Fund net assets	—	(95,062,762)
Transfer from Department of Housing and Municipal Affairs	17,756	2,568,209
Increase in investment in social housing	1,373,578	3,291,414
Transfer of land to Department of Natural Resources	—	6,030,860
	3,849,861	(81,761,578)
Financing activities		
Repayment of long-term debt	(7,730,816)	(10,384,938)
Decrease (increase) in Fund balance during the year	4,269,576	(82,221,196)
Fund balance, beginning of year	(90,661,168)	(8,439,972)
Fund balance, end of year	$ (86,391,592)	$ (90,661,168)

The accompanying notes are an integral part of these statements.

NOVA SCOTIA HOUSING DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 2001

1. Authority

On June 17, 1986 the Nova Scotia Housing Development Corporation Act established the Nova Scotia Housing Development Corporation. The purpose of the Corporation is to provide long-term mortgage financing through outside lenders for social housing programs, and the home ownership programs of the Department of Housing and Municipal Affairs, and loan guarantees for housing purposes.

Effective August 1, 2000 the Housing Division of the Department of Housing and Municipal Affairs was transferred to the Department of Community Services as a result of government restructuring. The provincial financial authority for 2000/2001 resides with the Department of Housing and Municipal Affairs and continues to be referred to in these statements.

2. Significant Accounting Policies

Mortgages Receivable

Mortgages receivable are carried net of provisions for concessionary assistance and doubtful recoveries as described in Note 4 to the financial statements.

A provision for doubtful recoveries is established to the extent that anticipated losses on bad debts exceed the funding available in the mortgage insurance funds. The Housing Development Corporation charges mortgage insurance fees to borrowers to offset the cost of bad debt write offs from the mortgage receivable portfolio.

The provision for concessionary assistance represents the present value of estimated future subsidies provided by the Department of Housing and Municipal Affairs to low income borrowers to assist them in meeting their monthly mortgage payments to the Corporation.

Investment in Land and Social Housing

Investments in Social Housing represent housing properties which are carried at cost including the cost of site investigation, land, construction, administration, and interest during construction less accumulated amortization. The Corporation has established reserves for the risks associated with interest rate fluctuation, mortgage default, and fire losses.

The capital cost of social housing properties is amortized, using the sinking fund method, by the amount of the principal repaid on the related long-term debt financing the project.

Investments in land represent properties developed for resale. Land projects are carried at the lower of cost and estimated net realizable value. Land costs include acquisition and servicing costs, capitalized interest charges and administrative costs where applicable.

Profit or loss on the sale of land is recorded as lots are sold except when revenue or costs cannot be reasonably determined. Costs incurred plus estimated costs to complete are accumulated and allocated to individual units on the basis of relative sales values and written off as lots are sold. Certain common costs, such as main roadways, are allocated to that phase of the project with the applicable spending authority.

Recoveries From CMHC - Social Housing

Pursuant to the October 1, 1997 Social Housing Transfer Agreement, Canada Mortgage and Housing Corporation (CMHC) is required to pay to the Corporation annual contributions to assist with program expenses. Over the term of the agreement from October 1, 1997 to June 30, 2034 CMHC will contribute $1,400,000,000. Contributions from CMHC are used by both the Corporation and the Department of Housing and Municipal Affairs to meet the interest, amortization, subsidy and administration expenses of programs under the Agreement.

The Corporation records recovery revenue from CMHC in an amount equal to the interest and amortization expenses incurred by the Corporation for programs under the Social Housing Transfer Agreement. CMHC funding not used during the current fiscal year by the Corporation or the Department is eligible for carry forward to future years. Unused CMHC funding is recorded separately in two interest bearing accounts entitled Fund for Future Social Housing Expenditures and Deferred Federal Contributions.

Recoveries from CMHC and provincial government departments are subject to final settlement reviews. Adjustments to recoveries, accounts receivable, deferred federal contributions and the Fund for Future Social Housing Expenditures, arising from the final settlement process, are recorded in the year the review is finalized.

Recoveries From Provincial Government Departments

Costs incurred by the Corporation for the amortization of provincial social housing assets and the interest costs associated with the debt financing of these assets are recovered from the applicable provincial government department.

Interest Revenue

Interest revenue associated with lending programs is recorded on the accrual basis as interest is earned.

Interest on Long-Term Debt

Interest expense on long-term debt is recorded on the accrual basis as interest obligations are incurred.

Administration Fee

The administration of the Nova Scotia Housing Development Corporation is carried out by the staff of the Department of Housing and Municipal Affairs. The Corporation reimburses the Department to the extent that revenues earned by the Corporation would otherwise exceed expenditures.

3. Housing Development Corporation Fund

To provide working capital for the Nova Scotia Housing Development Corporation, the Housing Development Corporation Fund was established by Order-In-Council. The Fund is set up as a revolving account which records all receipts and expenditures, and allows the Corporation to borrow up to $175 million.

4. Mortgages Receivable

Mortgages receivable have an amortization period of 25 years and five or ten-year renewal terms. Aggregate monthly payments are approximately $252,156 including interest. Interest rates vary from 6.5% to 13.05%, with renewal dates ranging from April 1, 2000 to Oct. 1, 2012. The mortgages are secured by registered first mortgages on the related properties. The Corporation has assigned the mortgages receivable as security for notes payable.

	2001	2000
Mortgages receivable	$ 39,331,922	$ 41,781,456
Less: Current portion due within one year	2,732,650	2,635,900
Provision for concessionary assistance and doubtful recoveries	2,411,892	2,402,900
	5,144,542	5,038,800
	$ 34,187,380	$ 36,742,656

Estimated principal repayments for the next four years are as follows:

2002-2003	$ 2,555,817
2003-2004	$ 2,560,349
2004-2005	$ 2,605,031
2005-2006	$ 2,674,808

5. Investment in Land and Social Housing

	2001	2000
Investment in land	$ 5,217,981	$ 9,041,535
Investment in social housing	397,225,260	406,536,859
	402,443,241	415,578,394
Less: Provision for doubtful land recoveries	3,080,745	6,494,947
Provision for fire and other social housing losses	996,026	1,718,066
	4,076,771	8,213,013
	$ 398,366,470	$ 407,365,381

6. Long -Term Debt

	2001	2000
Notes payable	$ 257,759,775	$ 263,614,086
Mortgages payable	79,680,856	81,557,361
	337,440,631	345,171,447
Less: Current portion due within one year	9,391,102	8,660,698
	$ 328,049,529	$ 336,510,749

Long term debt is comprised of mortgages and notes payable from various lenders. The amortization of the notes payable ranges from 5 - 36 years. The mortgages payable amortization periods range from 20 - 35 years with either five or ten year renewal terms. Mortgages and notes payable are secured by an assignment of mortgages receivable and investments in social housing. Mortgages and notes payable are repayable in monthly or quarterly installments of interest and principal. Interest rates vary from 4.00% to 21.50% with renewal dates ranging from April 1, 2000 to January 1, 2034.

Estimated principal repayments for the next four years are as follows:

2002-2003	$ 10,087,786
2003-2004	$ 9,993,741
2004-2005	$ 10,779,452
2005-2006	$ 11,644,054

7. Commitments and Contingencies

Pursuant to the October 1, 1997 Social Housing Transfer Agreement CMHC requires the Corporation to indemnify CMHC against future losses related to their insured loan portfolio for Nova Scotia. As at March 31, 2001 there were 533 loans with an approximate outstanding balance of $182,818,368 (2000 - $176,798,000).

The Corporation provides mortgage guarantees of interest and principal to lenders financing certain housing projects. As at March 31, 2001 a total of 30 (2000 - 28) mortgage guarantees were in effect, and the outstanding balance of mortgages guaranteed was $28,185,263 (2000 - $27,962,000).

The Corporation has established reserves for possible losses on mortgage guarantees and indemnified loans in the amount of $13,790,958 (2000 - $12,600,000) which includes a reserve for risks associated with interest fluctuation of $3,200,000.

8. Related Party Transactions

The ownership and administration of social housing assets and programs in Nova Scotia are carried out by a number of organizations: Canada Mortgage and Housing Corporation (CMHC), Department of Housing and Municipal Affairs, Department of Justice and the Regional Housing Authorities.

The assets and liabilities of the program are held in the Corporation while overall policy and management responsibility for program delivery is within the Housing Services Division of the Department of Housing and Municipal Affairs (this Division was transferred to the Department of Community Services during the year). Public Housing management and associated costs are in the Regional Authorities. Funding is provided primarily by CMHC, Housing Services Division, Municipalities and tenants.

CMHC is required to pay to the Corporation annual contributions to assist with expenses for social housing programs which were transferred to the Corporation under the Social Housing Transfer Agreement of 1997. The funding is at 1995 levels and reduces over the life of the Agreement. The contributions from CMHC are used by both the Corporation and the Department of Housing and Municipal Affairs to meet interest, amortization, subsidy and administration expenses under the Agreement.

The total funding provided over the term of the Agreement with CMHC totals $1.4 billion. Funds not needed in a given year remain in the Corporation in a separate Fund for Future Social Housing Expenditures and in the Deferred Federal Contribution account which at March 1, 2001 totalled $13,788,194.

During the year and under the Social Housing Agreement the Corporation received funding from CMHC and made distributions and recoveries as outlined in the table below.

	2001	2000
Recoveries from Canada Mortgage and Housing Corporation		
Social Housing Transfer payment	$ 56,853,136	$ 56,853,136
Less: payment to Housing and Municipal Affairs	25,004,611	25,004,611
Recoveries from Canada Mortgage and Housing Corporation	$ 31,848,525	$ 31,848,525
Recoveries from Provincial Government Departments		
Department of Housing and Municipal Affairs	$ 7,122,868	$ 9,133,480
Department of Justice	1,258,413	1,258,413
Total Recoveries from Provincial Government Departments	$ 8,381,281	$ 10,391,893

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Nova Scotia

I have audited the consolidated balance sheet of the Nova Scotia Innovation Corporation as at March 31, 2001 and the consolidated statements of loss, deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 29, 2001

NOVA SCOTIA INNOVATION CORPORATION

Consolidated Balance Sheet
March 31, 2001

ASSETS

		2001		2000
Current				
Cash and cash equivalents	$	2,127,716	$	3,019,177
Receivables		2,235,299		2,345,586
Inventories		247,188		347,257
Other		118,473		—
		4,728,676		5,712,020
Investments and Funds				
Nova Scotia First Fund (Note 3)		10,235,721		12,159,084
Research Endowment Fund (Note 4)		661,182		661,182
Other investments (Note5)		708,590		665,491
Receivables (Note 6)		403,448		471,033
		12,008,941		13,956,790
Capital Assets, (Note 7)		6,049,584		6,407,861
	$	22,787,201	$	26,076,671

LIABILITIES

		2001		2000
Current				
Payables and accruals	$	1,079,702	$	924,610
Payable to Province of Nova Scotia		2,662,677		3,446,938
Deferred revenue		69,760		258,749
Current portion of long term debt		23,924		44,137
		3,836,063		4,674,434
Long term debt (Note 8)		379,073		1,880,240
Deferred government assistance		506,693		539,815
		4,721,829		7,094,489

EQUITY

		2001		2000
Capital stock and contributed surplus (Note 9)		19,110,755		19,110,755
Retained earnings (deficit)				
Restricted for Nova Scotia First Fund (Note 3)		(875,070)		1,048,293
Unrestricted		(170,313)		(1,176,866)
		(1,045,383)		(128,573)
		18,065,372		18,982,182
	$	22,787,201	$	26,076,671

Commitments (Note 3)

See accompanying notes to the consolidated financial statements

NOVA SCOTIA INNOVATION CORPORATION

Consolidated Statement of Loss
Year Ended March 31

	2001	(Restated) 2000
Revenues and Grants		
Government grants (Note 10)	$ 2,655,796	$ 3,218,732
Commercialization services	782,580	1,229,263
Technical services	890,436	889,863
Sector development	486,457	402,000
Business incubation	444,279	457,513
Virtual business delivery	324,469	—
Mentoring and information intelligence	76,747	—
	5,660,764	6,197,371
Expenses		
Commercialization services	1,257,751	1,703,894
Technical services	841,593	921,490
Sector development	647,320	526,449
Business incubation	502,000	537,409
Virtual business delivery	532,725	—
Mentoring and information intelligence	180,464	—
Corporate services	1,014,799	1,244,405
Occupancy costs	432,831	569,084
Corporate office	386,952	334,065
	5,796,435	5,836,796
	(135,671)	360,575
Amortization	(433,985)	(555,934)
Investment income	233,583	149,874
Early retirement incentive plan expense	(122,028)	(123,018)
Nova Scotia First Fund net earnings (loss)	(1,923,363)	70,870
	(2,245,793)	(458,208)
Loss before unusual item and discontinued operations	(2,381,464)	(97,633)
Unusual item (Note 11)	1,487,703	190,000
Loss before discontinued operations	(893,761)	92,367
Discontinued operations (Note 12)	(23,049)	6,084
Net (loss) earnings	$ (916,810)	$ 98,451

Consolidated Statement of Deficit
year ended March 31

	2001	2000
Deficit, beginning of year	$ (128,573)	$ (227,024)
Net (loss) earnings	(916,810)	98,451
Deficit, end of year	$ (1,045,383)	$ (128,573)

See accompanying notes to the consolidated financial statements

NOVA SCOTIA INNOVATION CORPORATION

Consolidated Statement of Cash Flows
Year Ended March 31

	2001	(Restated) 2000
Increase (decrease) in cash and cash equivalents		
Operating		
Net (loss) earnings	$ (916,810)	$ 98,451
Amortization	433,985	562,210
Deferred government assistance recognized	(139,765)	(177,982)
Nova Scotia First Fund income	1,923,363	(70,870)
Equity in earnings of investee	—	(18,570)
Early retirement incentive plan (Note 8)	(1,487,703)	—
Loss on disposal of capital assets	(6,772)	(202,168)
	(193,702)	191,071
Change in non-cash operating working capital (Note 13)	(726,275)	742,570
	(919,977)	933,641
Investing		
Nova Scotia First Fund portfolio investments, net	2,018,650	1,665,161
Nova Scotia First Fund investments	(2,018,650)	(1,700,069)
Nova Scotia First Fund royalties and loan repayments	—	87,408
Advances to investees, net	(43,099)	(104,705)
Long term receivables	67,584	(436,740)
Long term receivables repayments	—	109,670
Capital asset purchases	(68,935)	(57,271)
Research Endowment Fund)	—	94,705
Proceeds from disposal of capital assets	—	583,830
	(44,450)	241,989
Financing		
Long term debt repayments	(33,677)	(55,594)
Deferred government assistance	106,643	67,490
Nova Scotia First Fund disbursements	—	(52,500)
	72,966	(40,604)
(Decrease) increase in cash and cash equivalents	(891,461)	1,135,026
Cash and cash equivalents,		
Beginning of year	3,019,177	1,884,151
End of year	$ 2,127,716	$ 3,019,177

See accompanying notes to the consolidated financial statements

NOVA SCOTIA INNOVATION CORPORATION

Notes to the Consolidated Financial Statements
March 31, 2001

1. Authority

The Nova Scotia Innovation Corporation (InNOVAcorp) was established on February 6, 1995 by the Innovation Corporation Act. Its purpose is to build relationships that enable technology-based Nova Scotia firms to compete successfully for business anywhere in the world.

2. Summary of significant accounting policies

InNOVAcorp's financial statements have been prepared in accordance with generally accepted accounting principles, which include the following:

a. Principles of consolidation

The consolidated financial statements include the accounts of InNOVAcorp its wholly-owned subsidiary, Nova Magnetics Limited (NML) and its 80% owned subsidiary 3839966 Canada Limited.

b Use of estimates

In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

c. Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and temporary money market instruments at cost plus accrued interest with original maturities of three months or less. Portfolio investments of the Nova Scotia First Fund which mature within ninety days are accorded the same treatment.

d. Inventory

Inventory is valued at the lower of cost or net realizable value.

e. Long term investments

Venture capital investments made through the Nova Scotia First Fund and investments in companies over which InNOVAcorp does not have control are carried at cost. Where management has determined a decline in value that is considered to be other than temporary, these investments are written down to provide for the loss. Fixed income investments of the Nova Scotia First Fund with terms to maturity greater than ninety days are recorded at cost plus accrued interest.

f. Capital assets

The cost of capital assets is being depreciated over the estimated lives of the assets using the following rates and methods:

Buildings	4%	declining balance
Machinery and equipment	20%	declining balance
Computer equipment	30%	declining balance
SE Technology license	17%	straight line
Furniture and fixtures	20%	declining balance
Improvements	100%	declining balance
Management Information Systems	10%	straight line

g. Donated assets

The donation of assets to InNOVAcorp is considered a capital contribution. These assets are recorded at their fair market value with an offsetting increase to a contributed capital account identifying the source of the donation. These assets are charged to income over their estimated economic life as described in Note 2(f) above.

h. Government grants and deferred government assistance

Government grants received for the acquisition of property, plant and equipment are recorded as deferred government assistance and recognized as income on the same basis as the related assets are amortized. Grants related to other expenditures are recognized as income in the year the related expenditures are incurred.

i. Translation of foreign currencies

Current assets, current liabilities, long term monetary assets and liabilities are translated at the year-end rate of exchange. Revenue and expenses are translated at the rates prevailing when the transaction occurred. Translation gains and losses are included in earnings except for unrealized gains and losses arising from translation of long term monetary assets and liabilities, which are deferred and amortized over the remaining lives of the related items.

3. Nova Scotia First Fund

In 1989 the Nova Scotia First Fund (NSFF) was established by Governor in Council. The objective of the fund is to encourage the development of high technology industries and to encourage the adoption of new technologies by existing industries. Fund investments represent investments in development stage enterprises and, as such, have not yet earned significant revenues from their intended business activities or established their commercial viability. The recovery of invested amounts and the realization of investment returns is dependent upon the successful resolution of scientific, regulatory, competitive and other risk factors, as well as the eventual commercial success of these enterprises. Adverse developments could result in write-downs of the carrying values of these investments.

During 1996-97 InNOVAcorp assumed management of the NSFF pursuant to the Innovation Corporation Act. The administration of investments and obligations made through the NSFF to April 1, 1996 was also transferred to InNOVAcorp. Fund activity during the current year is summarized below:

	Portfolio Investments	Fund Investments	Fund Obligations	Valuation Adjustment	Fund Balance
Beginning					
Balance	$ 7,486,547	$ 6,745,139	$ (225,000)	$ (1,847,602)	$ 12,159,084
Add (Deduct):					
Equity investment	(2,018,650)	2,018,650	—	—	—
Income	366,110	(40,106)	—	(2,249,367)	(1,923,363)
Other...........	3,977	(3,977)	—	—	—
Ending Balance ..	$ 5,837,984	$ 8,719,706	$ (225,000)	$ (4,096,969)	$ 10,235,721

InNOVAcorp is entitled to recover direct expenses associated with its administration of the NSFF. To date it has elected not to charge the Fund for any of the costs incurred. These costs are charged to the Commercialization Services division of the Corporation.

In addition to the above investments and obligations, as at March 31, 2001 there were $250,000 of approved commitments for the NSFF (1999 - $650,000) and a guarantee of $115,000 (2000 - $115,000).

InNOVAcorp and TARA (Telecom Applications Research Alliance) entered into a $2 million investment alliance agreement (InNOVAcorp share - $1 million) to support emerging information technology (IT) companies. This strategic alliance provides capital to IT companies with high growth potential and is targeted at early-stage companies seeking $100,000 to $300,000 in venture financing. A subcommittee of representatives from both organizations manages the joint venture. At March 31, 2001, $1,000,000 (InNOVAcorp share - $500,000)has been placed under this agreement.

4. Research Endowment Fund

The Research Endowment Fund was transferred to InNOVAcorp when the Nova Scotia Research Foundation Corporation was dissolved. Subject to any directions provided by the Governor in Council, the Fund is administered and controlled by InNOVAcorp. The Fund can be used for purposes consistent with the objects of InNOVAcorp.

The funds have been invested in bonds and debentures and their fair market value approximates cost.

5. Other Investments

	2001	2000
Applied Microelectronics Incorporated - 490,000 3%, non-cumulative preferred shares	$ 490,000	$ 490,000
British Columbia Research Incorporated - 68,403 common shares	—	41,042
Immune Network Ltd. 68,403 common and class A preferred shares	84,141	—
PlantSelect Biotechnology Systems Limited		
20,000 common shares	29,744	29,744
Preferred shares	94,705	94,705
Produxys Solutions Inc. - 1,000 common shares	10,000	10,000
	$ 708,590	$ 665,491

6. Receivables

		2001		2000
Loan receivable	$	265,750	$	329,881
Leases receivable		187,794		228,768
		453,544		558,649
Current Portion		50,096		87,616
	$	403,448	$	471,033

The loan relates to the disposition of laboratories in September, 1999. Payments are in quarterly instalments, with interest at a rate of 9.65% per annum. The final instalment is due October 31, 2004.

InNOVAcorp leases equipment under agreements with terms of three to eight years. The leases, which transfer substantially all of the risks and benefits incidental to ownership, have been accounted for as sales.

7. Capital assets

		Cost		Accumulated Amortization		2001 Carrying Value		2000 Carrying Value
Land	$	350,700	$	—	$	350,700	$	350,700
Buildings		5,926,357		1,093,509		4,832,848		5,034,217
Machinery and equipment		1,339,715		852,532		487,183		568,228
Computer equipment		740,438		530,427		210,011		250,284
SE technology license		111,000		109,197		1,803		9,018
Furniture & fixtures		176,766		106,332		70,434		84,162
Improvements		162,268		162,268		—		—
Management information system		146,474		49,869		96,605		111,252
	$	8,953,718	$	2,904,134	$	6,049,584	$	6,407,861

8. Long term debt

		2001		2000
Early Retirement Incentive Plan	$	—	$	1,500,114
Nova Scotuia Business Development Corporation (NSBDC)		121,002		143,962
Long term service award		281,995		280,301
		402,997		1,924,377
Less: Current portion		23,924		44,137
	$	379,073	$	1,880,240

Principal repayments for the NSBDC loan for the next five years are as follows:

2002	$	23,924
2003		25,273
2004		26,690
2005		28,202
2006		17,225

Early Retirement Incentive Plan

In 1991 and 1993, the Province of Nova Scotia implemented the Early Retirement incentive Plans. The liability incurred at that time was transferred to inNOVAcorp upon the dissolution of the Nova Scotia Research Foundation Corporation. Effective March 31, 2001 the responsibility for this liability was assumed by the Province of Nova Scotia and the elimination recorded as an unusual item.

Long Term Service Award

Employees of the Corporation are entitled to long term service awards on retirement. Based on the number of years of service these are earned at a rate of one week's pay for every year of service, to a maximum of 26 weeks.

The liability represents management's best estimate of the net present value of future awards to be paid to retiring staff. The benefit expense calculation includes an imputed interest charge on the average unfunded liability throughout the period, and an accrual for the award earned by the employees during the period.

9. Capital stock and contributed surplus

	2001	2000
Capital stock		
Class A Common Shares, par value $1.00	$ 75	$ 75
Principal Share, par value $1.00	1	1
	76	76
Contributed surplus		
Nova Scotia First Fund	11,110,791	11,110,791
Nova Scotia Research Foundation Corporation	7,509,888	7,509,888
Applied Microelectronics Incorporated (Note 8)	490,000	490,000
	19,110,679	19,110,679
	$ 19,110,755	$ 19,110,755

10. Government grants

InNOVAcorp receives an annual grant from the Province of Nova Scotia as well as funding from various other Federal and Provincial government agencies for current operations and acquisition of capital assets. Funding related to the operating activities of a business unit has been included in the revenue of that unit.

Funding related to the acquisition of capital assets is deferred as disclosed in note 2(g).

Details of funding are as follows:

	2001	2000
Grant - Province of Nova Scotia	$ 2,609,300	$ 3,069,600
Assistance for capital acquisitions	13,375	23,421
Government funding used to finance capital assets	(88,050)	(52,271)
Amortization of capital grants	121,171	177,982
	$ 2,655,796	$ 3,218,732

11. Unusual items

	2001	2000
Recovery of HST	$ —	$ 190,000
Elimination of Early Retirement Incentive Plan liability (Note 8)	1,487,703	—
	$ 1,487,703	190,000

12. Discontinued operations

	2001	2000
Sale of laboratories		
Net earnings for the year	$ —	$ 5,730
Gain on disposal of assets	—	173,626
	—	179,356
Sale of Nova Magnetics Limited		
Net loss to the measurement date	(23,049)	(173,272)
	$ (23,049)	$ 6,084
Revenues excluded from revenues and grants		
Laboratories	$ —	$ 584,778
Nova Magnetics Limited	736,350	733,986
	$ 736,350	$ 1,318,764
Remaining assets and liabilities of the discontinued business segment		
Laboratories	$ —	$ —
Nova Magnetics Limited		
Current assets	$ 470,839	$ 711,334
Capital assets	$ 12,074	$ 17,249
Current liabilities	$ 1,829,178	$ 2,053,597

Sale of laboratories

On September 24, 1999, InNOVAcorp disposed of its chemistry, microbiology and materials laboratories.

Sale of Nova Magnetics Limited

On January 9, 2001 (measurement date), inNOVAcorp agreed to sell the assets of Nova Magnetics Limited, its wholly owned subsidiary.

The disposal date is expected to occur in the 2002 fiscal year. The loss from operations from January 9, 2001 to March 31, 2001 of $118,473 has been deferred. Management expects the estimated post-measurement date results of operations to offset the estimated gain on disposal of the assets.

13. Supplemental cash flow information

	2001	2000
Change in non-cash operating working capital		
Deferred charges	$ (118,473)	$ —
Receivables	110,287	198,624
Inventories	100,069	(113,442)
Payables and accruals	155,092	(19,266)
Payable to Province of Nova Scotia	(784,261)	568,981
Deferred revenue	(188,989)	107,673
	$ (726,275)	$ 742,570
Cash and cash equivalents consits of: Cash	$ 2,127,716	$ 3,019,177

14. Public Service Superannuation Fund

Employees of InNOVAcorp, other than casual employees, are entitled to receive pension benefits pursuant to the provisions of the pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the expenses of InNOVAcorp's divisions.

The Department of Finance administers the Public Service Superannuation Fund. InNOVAcorp is not responsible for any unfunded liability.

15. Related party transactions

Entity	Relationship	Sales To	Year End Receivable
PlantSelect Biotechnology Systems Limited	50% investee	$ 2,722	$ 171,602
BioScience Enterprise Centre	Managed Incubator	61,209	337,729
Agri-Tech Park Inc.	Managed Incubator	—	5,729
NSFF Investments	Investments	191,271	234,210

Facilities and administrative services are provided to PlantSelect Biotechnology Systems Limited and Agri-Tech Park Inc. at no cost.

Sales to NSFF investments are at the same prices and terms as with unrelated parties. InNOVAcorp also has the use of the Technology Innovation Centre, which is owned by the Province of Nova Scotia, at no cost.

16. Income taxes

InNOVAcorp is exempt from income tax under Section 149 of the Income Tax Act.

17. Comparative Figures

Certain of the 2000 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2001.

AUDITOR'S REPORT

To the Minister of Justice; and

To the Chair and Members of the
Nova Scotia Legal Aid Commission

I have audited the balance sheet of the Nova Scotia Legal Aid Commission as at March 31, 2001, and the statements of revenue and expenses, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
June 19, 2001.

NOVA SCOTIA LEGAL AID COMMISSION

Statement of Revenue and Expenses
Year Ended March 31, 2001

	2001	2000
Revenue		
Grant - Province of Nova Scotia	$ 11,375,434	$ 11,263,174
Interest	229,485	159,461
Other income	49,737	12,820
	11,654,656	11,435,455
Expenses		
Amortization	56,670	42,143
Capital lease interest	2,980	5,068
Directors' fees	40,194	37,584
Equipment and maintenance	85,305	69,377
Library	146,950	142,742
Membership, meetings and conferences	176,972	206,993
Office disbursements	191,077	229,374
Private solicitors' fees (Note 7)	1,664,355	1,838,818
Professional and other fees	126,401	164,067
Salaries and benefits	7,361,831	7,269,570
Supplies and services	909,013	839,910
Travel	268,999	271,673
	11,030,747	11,117,319
Excess of revenue over expenses before special cases	623,909	318,136
Special Case (Note 9)		
Contribution from the Province of Nova Scotia	281,484	197,594
Contribution from client	16,530	11,282
	298,014	208,876
Expenses, special cases	298,014	208,876
	—	—
Excess of revenue over expenses	$ 623,909	$ 318,136

See accompanying notes to the financial statements.

NOVA SCOTIA LEGAL AID COMMISSION

Balance Sheet
as at March 31, 2001

ASSETS

	2001	2000
Current		
Cash	$ 1,086,062	$ 262,940
Investments (Note 3)	2,696,914	2,552,723
Receivables	295,664	74,757
Prepaids	30,063	38,160
	4,108,703	2,928,580
Trust Fund - long service awards (Note 4)	1,163,900	1,065,156
Capital assets (Note 5)	181,950	93,538
	$ 5,454,553	$ 4,087,274

LIABILITIES

	2001	2000
Current		
Payables and accruals (Notes 6 and 7)	$ 1,288,228	$ 1,266,522
Current portion of obligation under capital lease (Note 8)	13,065	17,449
Deferred contribution - special cases (Note 9)	468,232	202,406
	1,769,525	1,486,377
Long-term		
Early retirement incentive program (Note 10)	178,372	174,022
Long service awards (Note 11)	1,163,900	1,065,156
Obligation under capital lease (Note 8)	—	12,738
	1,342,272	1,251,916
Deferred contributions - capital assets (Note 12)	662,802	292,936
	3,774,599	3,031,229
Net Assets		
Unrestricted net assets	976,777	992,694
Net assets invested in capital assets (Page 373)	168,885	63,351
Reserve for future case completion (Page 373 & Note 13)	534,292	—
	1,679,954	1,056,045
	$ 5,454,553	$ 4,087,274

Commitments and contingencies (Note 14)

See accompanying notes to the financial statements.

NOVA SCOTIA LEGAL AID COMMISSION

Statement of Changes in Net Assets
Year Ended March 31, 2001

	Unrestricted Net Assets	Net Assets Invested in Capital Assets	Reserve for Future Case Completion	2001 Total	2000 Total
Balance, beginning of year	$ 992,694	$ 63,351	$ —	$ 1,056,045	$ 737,909
Excess of revenue over expenses	623,909	—	—	623,909	318,136
Purchase of capital assets	(145,082)	145,082	—	—	—
Depreciation	56,670	(56,670)	—	—	—
Capital lease repayment	(17,122)	17,122	—	—	—
Transfer to reserve for future case completion	(534,292)	—	534,292	—	—
Balance, end of year	$ 976,777	$ 168,885	$ 534,292	$ 1,679,954	$ 1,056,045

Statement of Cash Flows
Year Ended March 31, 2001

	2001	2000
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenue over expenses	$ 623,909	$ 318,136
Depreciation	56,670	42,143
Amortization of deferred contributions - capital	(30,134)	(56,175)
	650,445	304,104
Change in non-cash operating working capital (Note 16)	(191,104)	174,899
	459,341	479,003
Financing		
Principal repayments of capital lease	(17,122)	(14,059)
Increase in early retirement incentive program	4,350	6,306
Advances for special cases, net	265,826	202,406
Advances for capital asset purchases	400,000	—
	653,054	194,653
Investing:		
Increase in investments	(144,191)	(1,102,840)
Purchase of capital assets	(145,082)	(46,043)
	(289,273)	(1,148,883)
Net increase (decrease) in cash and cash equivalents	823,122	(475,227)
Cash and cash equivalents,		
Beginning of year	262,940	738,167
End of year	$ 1,086,062	$ 262,940

NOVA SCOTIA LEGAL AID COMMISSION

Notes to the Financial Statements
March 31, 2001

1. Authority

The Nova Scotia Legal Aid Commission was established in 1977 pursuant to the Legal Aid Act. The Act and Regulations stipulate that the Commission can provide legal services to persons whose income is derived primarily from municipal or provincial social assistance or to persons in an equivalent position.

Commission activities are funded by a grant from the Province of Nova Scotia. The Province in turn receives a contribution from the Government of Canada for legal aid provided by the Commission.

2. Summary of significant accounting policies

Revenue
Operating grants are recorded on the accrual basis.

Contributions from the Province of Nova Scotia for the acquisition of capital assets are recorded as deferred contributions and are amortized to revenue in accordance with the amortization schedule for each capital asset acquired.

Capital assets
Capital assets are stated at cost and are amortized on a straight-line basis over their estimated useful lives:

Computer equipment	33.33% per year
Leasehold improvements	Over term of lease
Equipment under capital lease	33.33% per year

Cash and cash equivalents
Cash and cash equivalents consist of cash on hand and balances with banks.

Special cases
Periodically, the Commission provides legal services to clients upon special request from the Department of Justice where the clients would not otherwise be eligible under the Commission's guidelines. Contributions and expenses related to these special cases are presented separately on the statement of revenue and expenses.

3. Investments

Investments consist of banker acceptance notes and are valued at cost, which approximates market value.

4. Trust Fund - long service awards

The Commission follows the provisions of the Civil Service Act with respect to the payment of long service awards to retiring employees. The Commission is responsible for the funding and eventual payment of these awards.

The Commission maintains a trust fund to provide for the eventual payment of awards and to administer long service award advances. The Commission provides contributions, from general operating funds, to defray future obligations for long service awards.

In prior years, employees with 15 years of employment could apply for an advance on their long service award. Advances are repayable upon retirement or termination, together with interest at the provincial borrowing rate which existed at the time of the advance. As at March 31, 2001, six employees have received advances. Advances plus accrued interest at March 31, 2001 totalled $143,287 (2000 - $143,469).

	2001	2000
Balance, beginning of year	$ 1,065,156	$ 822,455
Add: Contribution from operating funds	59,989	207,415
Interest on long service award advances	7,818	8,837
Interest on investments	47,669	29,635
	115,476	245,887
Less: Long service awards paid to retiring employees	16,732	3,186
Balance, end of year	$ 1,163,900	$ 1,065,156
Consisting of:		
Cash	$ 512	$ 695
Investments and accrued interest on investments (Note 3)	1,020,101	772,385
Receivable - long service award advances and accrued interest on advances	143,287	143,469
Contribution due from operating funds	—	148,607
	$ 1,163,900	$ 1,065,156

5. Capital assets

	Cost	Accumulated Amortization	2001 Net Book Value	2000 Net Book Value
Computer equipment	$ 152,746	$ 61,638	$ 91,108	$ 47,592
Leasehold improvements	121,558	42,987	78,571	16,952
Equipment under capital lease	50,124	37,853	12,271	28,994
	$ 324,428	$ 142,478	$ 181,950	$ 93,538

6. Accounts payable and accruals

	2001	2000
Supplies and services	$ 177,328	$ 241,703
Accrued private solicitors' fees (see Note 7)	849,395	798,297
Employee salaries and benefits	261,505	226,522
	$ 1,288,228	$ 1,266,522

7. Measurement uncertainty

Measurement uncertainty is uncertainty in the determination of the amount at which an item is recognized in the financial statements. This exists when there is a variance between the recorded amount and another reasonably possible amount.

Measurement uncertainty in these financial statements is inherent in the recording of accrued private solicitors' fees. At the end of each fiscal year the Commission has a liability for work conducted by private solicitors that is not yet billed and paid. At March 31, 2001, a liability of $849,395 (2000 - $798,297) was recorded, of which $709,156 (2000 - $635,619) was estimated using a system that incorporates average costs and time frames for similar cases over the last two years. The estimate will vary from the eventual billings from private solicitors due to the specific requirements of each case.

8. Obligation under capital lease

	2001	2000
Blended monthly payments totalling $1,675 for computer equipment leases, with varying expiry dates to April 2002	$ 16,045	$ 33,819
Plus: amount representing interest (average rate 15.5%)	(2,980)	(3,632)
	13,065	30,187
Less: current portion	(13,065)	(17,449)
Long term portion	$ —	$ 12,738

9. Deferred contribution - special cases

Special case funding is received from the Province of Nova Scotia and is restricted solely for expenditures incurred in the process of defending the accused. Amounts not used for current expenditures are deferred to be applied against future cases. Any funding not committed at the conclusion of the cases must be returned to the Province of Nova Scotia. During the year ended March 31, 2001, the commission provided legal services for three clients upon special request from the Department of Justice.

10. Early Retirement Incentive Program

The Commission participated in an Early Retirement Incentive Program offered by the Province of Nova Scotia to crown agencies. A liability in the amount of $191,279 (2000 - $186,615) has been accrued as of March 31, 2001. This amount represents management's best estimate of the present value of the future payments required under the program. Of the total liability, $12,907 (2000 - $12,593) has been classified on the balance sheet as current and $178,372 (2000 - $174,022) has been classified as long-term.

Eligibility for the Program ended March 31, 1998.

11. Long service awards

Employees of the Commission are entitled to long service awards upon retirement. The awards are based on the number of years of service of the employee, and are earned at the rate of one week's pay for every year of service, to a maximum of twenty-six weeks.

In 2000, the Commission engaged an outside consultant to estimate the liability relating to the awards. Based on the estimate of the present value of obligation respecting long service awards at March 31, 2001, the long service award trust funds of $1,163,900 (2000 - $1,065,156) are sufficient to fund the liability.

12. Deferred contributions - capital assets

In the 1999 fiscal year the Province of Nova Scotia contributed $353,000 to the Commission to offset anticipated costs of upgrading the Commission's computer systems. A further $400,000 was contributed in the 2001 fiscal year. The changes in the deferred contributions balance for the period are as follows:

	2001	2000
Balance, beginning of year	$ 292,936	$ 349,111
Plus: contributions received	400,000	—
Less: amounts amortized to revenue	(30,134)	(56,175)
Balance, end of year	$ 662,802	$ 292,936

13. Reserve for future case completion

During the 2001 fiscal year, the Commission decided to appropriate an amount from unrestricted net assets that approximates management's best estimate of the remaining cost to complete the cases that are in progress as at March 31, 2001.

14. Commitments and contingencies

a. The Commission has entered into lease agreements for eleven of its offices. The remaining two offices do not have formal lease agreements. Lease agreements typically call for payment of a base rent plus a provision for the Commission's portion of operating costs and property taxes. Lease terms vary by office.

Minimum lease payments for signed lease agreements for the next five years, not including operating costs and taxes, are as follows:

2002	$	510,213
2003	$	462,756
2004	$	455,028
2005	$	455,028
2006	$	344,367

b. The Commission provides funding to Dalhousie Legal Aid Services. The Commission has agreed to provide a grant of $69,000 to Dalhousie Legal Aid Services for the year ending March 31, 2002. In addition Dalhousie Legal Aid Services can bill an additional $109,000 for conflict of interest cases.

15. Client Trust Funds

On March 31, 2001, $71,189 (2000 - $12,537) was held in trust for clients. These trust funds are accounted for separately and are not reflected in the financial statements.

16. Supplement cash flow information

	2001	2000
Change in non cash operating working capital:		
Receivables	$ (220,907)	$ 52,141
Prepaids	8,097	(2,979)
Payables and accruals	21,706	125,737
	$ (191,104)	$ 174,899
Cash and cash equivalents consist of:		
Cash on hand and balances with banks	$ 1,086,062	$ 262,940
Interest paid	$ 2,980	$ 5,068

17. Pensions

Pursuant to Section 7 of the Legal Aid Act, all permanent employees of the Commission are entitled to receive pension benefits under the Province of Nova Scotia Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer contributions are included in the Commission's operating expenses. The Commission is not responsible for any unfunded liability with respect to the superannuation fund.

18. Comparative figures

Certain of the comparative figures for 2000 have been reclassified to conform with the financial statement presentation adopted for 2001.

NOVA SCOTIA LEGAL AID COMMISSION

Schedule of Expenses
Year Ended March 31, 2001

	2001		2000
	Budget	Actual	Actual
Amortization	$ —	$ 56,670	$ 42,143
Capital lease interest	—	2,980	5,068
Directors' fees	45,000	40,194	37,584
Equipment and maintenance			
Leasehold improvements	33,300	7,623	—
Office furniture and equipment	41,000	29,455	20,080
Office machine leasing	48,000	25,326	19,440
Office machine maintenance	41,700	22,901	29,857
	164,000	85,305	69,377
Library	145,000	146,950	142,742
Membership, meetings and conferences			
Membership and dues	140,000	131,270	136,549
Meetings and conferences	45,000	45,702	70,444
	185,000	176,972	206,993
Office disbursements			
Civil and family	100,000	90,450	93,023
Criminal	100,000	81,102	119,953
Young Offender	16,000	19,525	16,398
	216,000	191,077	229,374
Private solicitors' fees			
Civil and family - conflicts	1,016,515	911,624	984,066
Criminal - choice of counsel	200,000	(1,925)	202,607
Criminal - conflicts	486,786	606,037	504,588
Young offender - choice of counsel	—	1,146	
Young offender - conflicts	145,899	147,473	147,557
	1,849,200	1,664,355	1,838,818
Professional and other fees			
Professional fees	156,000	126,401	126,853
Consultants fees	—	—	37,214
	156,000	126,401	164,067
Salaries and benefits	7,500,000	7,361,831	7,269,570
Supplies and services			
General cleaning and office expense	77,000	70,854	55,097
Heat, light and water	25,000	25,223	26,869
Miscellaneous	4,000	184	3,272
Printing and stationery	80,000	95,505	71,018
Rent, insurance and taxes	560,000	525,838	514,005
Telephone and postage	245,000	191,409	169,649
	991,000	909,013	839,910
Travel	271,700	268,999	271,673
	$ 11,522,900	$ 11,030,747	$ 11,117,319

AUDITORS' REPORT

To the Honourable Minister
in Charge of Administration
Liquor Control Act
Province of Nova Scotia
Halifax, Nova Scotia

We have audited the balance sheet of The Nova Scotia Liquor Commission as at March 31, 2001 and the statements of earnings and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The accompanying financial statements do not include recognition of certain employee future benefits as required under a new recommendation issued by the Accounting Standards Board of the Canadian Institute of Chartered Accountants titled Employee Future Benefits (Section 3461). Measurement of these obligations would involve significant estimates by management, including the use of actuarial services. Accordingly, we were unable to determine the significance of adjustments required to long-term liability, stores' operating expenses, warehousing and distribution expenses, administrative expenses and earnings from operations.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of employee future benefit obligations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of The Nova Scotia Liquor Commission as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Halifax, Canada
June 8, 2001

THE NOVA SCOTIA LIQUOR COMMISSION

Balance Sheet

March 31, 2001, with comparative figures for 2000

ASSETS

	2001	2000 (in thousands)
Current assets:		
Cash	$ 8,576	$ 2,001
Accounts receivable	3,117	2,514
Inventories of stock in warehouse and stores	16,804	16,477
Prepaid expenses	245	2,478
	28,742	23,470
Property and equipment:		
Furniture, fixtures and portable equipment	6,131	6,034
Other equipment	7,125	7,015
Computers	5,953	4,821
Land and buildings	12,607	12,511
Capital and leasehold improvements	23,025	22,081
	54,841	52,462
Less accumulated depreciation and amortization	42,145	38,826
	12,696	13,636
Assets under capital lease	10,831	10,831
Less accumulated amortization	8,356	7,995
	2,475	2,836
	$ 43,913	$ 39,942

LIABILITIES

	2001	2000
Current liabilities:		
Accounts payable and accrued liabilities	$ 18,533	$ 15,924
Current portion of obligations under capital leases (note 2)	368	279
	18,901	16,203
Long-term liability:		
Obligation under capital lease (note 2)	8,160	8,569
Due to Minister of Finance:		
Balance, beginning of year	15,170	14,050
Remittances	15,170	14,050
	—	—
Current year:		
Net income	137,183	135,170
Remittances	120,331	120,000
Balance, end of year	16,852	15,170
	$ 43,913	$ 39,942

Operating Leases (Note 3)

See accompanying notes to financial statements.

THE NOVA SCOTIA LIQUOR COMMISSION

Statement of Earnings
Year ended March 31, 2001, with comparative figures for 2000

	2001 (in thousands)	% of Sales	2000	% of Sales
Net sales	$ 376,404	100.0	$ 371,365	100.0
Cost of goods sold	190,735	50.7	187,609	50.5
	185,669	49.3	183,756	49.5
Stores' operating expenses	33,321	8.8	33,787	9.1
Income, store operations	152,348	40.5	149,969	40.4
Depreciation	3,678	1.0	3,465	0.9
Warehousing and distribution expenses	3,980	1.1	3,850	1.0
Administrative expenses (note 4)	8,482	2.2	8,522	2.3
Other revenue	(3,395)	(0.9)	(2,856)	(0.7)
Other expenses	1,386	0.4	1,067	0.3
	14,131	3.8	14,048	3.8
Earnings before unusual item	138,217	36.7	135,921	36.6
Early retirement program	1,034	0.3	751	0.2
Earnings from operations	$ 137,183	36.4	$ 135,170	36.4

Statement of Cash Flows
Year ended March 31, 2001, with comparative figures for 2000

	2001 (in thousands)	2000
Cash provided by (used in):		
Operations:		
Income from operations	$ 137,183	$ 135,170
Depreciation and amortization not involving cash	3,678	3,465
Gain on sale of property and equipment	—	—
Change in non-cash operating working capital	3,912	(3,740)
	144,773	134,895
Financing:		
Principal payments on obligations under capital lease	(320)	(279)
Investments:		
Additions to property and equipment	(2,377)	(2,373)
Other:		
Remittances to Minister of Finance	(135,501)	(134,050)
Increase (decrease) in cash	6,575	(1,807)
Cash, beginning of year	2,001	3,808
Cash, end of year	$ 8,576	$ 2,001

See accompanying notes to financial statements.

THE NOVA SCOTIA LIQUOR COMMISSION

Notes to Financial Statements
Year ended March 31, 2001

The Nova Scotia Liquor Commission administers the Liquor Control Act, Chapter 260 of the Revised Statutes of Nova Scotia, 1989, and is a government business enterprise as defined by Public Sector Accounting Board recommendations.

1. Significant accounting policies:

(a) Inventories:

Inventories of stock in warehouse and stores are valued at the lower of cost and net realizable value. Customs and excise tax have not been included where payment is due upon shipment from bonded warehouse.

(b) Property and equipment:

Property and equipment are stated at cost. Depreciation and amortization are provided on the straight-line basis at the following annual rates:

Asset	Rate
Furniture, fixtures, portable equipment, other equipment and capital and leasehold improvements	10%
Computers - stand-alone	33%
Computers - integrated systems	20%
Land and buildings	5%

In the year of addition, depreciation is charged at the full annual rate.

Land costs which normally would not be depreciated are depreciated due to the retention of proceeds by the Province of Nova Scotia.

(c) Assets under capital lease:

Assets under capital lease are amortized over their estimated useful lives using the straight-line method.

2. Obligation under capital lease:

The Nova Scotia Liquor Commission has an obligation under a capital lease, which matures in 2012. The obligation represents the total present value of future minimum lease payments discounted at the rate implicit in the lease which is 13.8%. The following is a schedule by years of future minimum lease payments together with the balance of the obligation under capital lease as of March 31, 2001:

2002	$	1,537
2003		1,536
2004		1,537
2005		1,536
2006		1,537
2007-2012		8,834
Total minimum lease payments		16,517
Less amount representing interest		7,989
Balance of obligation		8,528
Less current portion of obligation under capital lease		368
	$	8,160

3. Operating leases:

The Nova Scotia Liquor Commission leases buildings, premises and equipment under operating leases which expire at various dates between 2002 and 2012. Some of these operating leases contain renewal options at the end of the initial lease term.

The following is an approximate schedule by years of future minimum rental payments required under operating leases that have initial lease terms in excess of one year, as of March 31, 2001:

2002	$	2,939
2003		2,207
2004		1,870
2005		1,278
2006		701
2007-2012		2,032
Total minimum payments required	$	11,027

4. Administrative expenses:

Administrative expenses also include the following:

	2001 (in thousands)	2000 (in thousands)
Interest on obligation under capital lease	$ 1,216	$ 1,257

5. Pension plan and retirement obligations:

Full time employees of the Nova Scotia Liquor Commission are members of the Nova Scotia Public Service Superannuation Plan.

AUDITORS' REPORT TO THE DIRECTORS

We have audited the balance sheet of Nova Scotia Municipal Finance Corporation as at March 31, 2001 and the statements of revenue, expenditure and reserve fund and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Halifax, Canada
May 4, 2001

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Balance Sheet
March 31, 2001 with comparative figures for 2000

ASSETS

	2001	2000
Current assets:		
Cash	$ 41,649	$ 3,160
Short-term investments, at amortized cost (market - $4,959,659; 2000 - $2,040,000)	4,959,659	2,040,000
Accrued interest receivable	12,024,608	16,439,252
Other receivables	1,655	7,333
Principal due within one year on loans to units	68,328,704	161,176,120
	85,356,275	179,665,865
Long-term assets:		
Loans to units (note 3)	500,206,012	612,502,241
Less principal included in current assets	68,328,704	161,176,120
	431,877,308	451,326,121
Investments, at amortized cost (market - $756,187; 2000 - $6,939,664).	773,549	6,918,921
	432,650,857	458,245,042
Deferred charges:		
Discount on debenture debt	2,532,143	3,634,465
Less accumulated amortization	1,507,223	2,503,950
	1,024,920	1,130,515
	$ 519,032,052	$ 639,041,422
Trust fund assets (note 4)	$ 20,094,782	$ 100,319,585

LIABILITIES AND EQUITY

	2001	2000
Current liabilities:		
Accounts payable	$ 36,844	$ 34,612
Accrued interest payable	12,014,170	16,449,585
Principal due within one year on debenture debt	69,064,750	165,792,750
	81,115,764	182,276,947
Long-term debt:		
Debentures payable (note 5)	501,313,250	616,943,000
Less principal included in current liabilities	69,064,750	165,792,750
	432,248,500	451,150,250
Deferred credits:		
Discount on loans to units	2,523,323	3,666,568
Less accumulated amortization	1,513,830	2,556,513
	1,009,493	1,110,055
Equity:		
Reserve Fund:		
Residual Reserve Funds	4,658,295	4,361,670
Reserve for debenture/loan interest differential	---	142,500
	4,658,295	4,504,170
	$ 519,032,052	$ 639,041,422
Trust funds under administration (note 4)	$ 20,094,782	$ 100,319,585

See accompanying notes to financial statements.

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Statement of Revenue, Expenditure and Reserve Fund
Year ended March 31, 2001, with comparative figures for 2000

	2001	2000
Revenue:		
Interest on loans to units	$ 40,860,550	$ 50,259,635
Amortization of discount on loans to units	223,660	252,374
Interest on short-term investments	410,616	674,325
Current discount on loans to units	328,080	522,862
	41,822,906	51,709,196
Expenditure:		
Interest on debenture debt and short-term loans	41,015,750	50,907,275
Amortization of discount on debenture debt	228,703	263,999
Debenture issue expenses	197,150	305,344
Administrative expenses (note 6)	227,178	208,691
	41,668,781	51,685,309
Net revenue	154,125	23,887
Reserve Fund, beginning of year	4,504,170	4,480,283
Reserve Fund, end of year	$ 4,658,295	$ 4,504,170

See accompanying notes to financial statements.

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Statement of Cash Flows
Year ended March 31, 2001, with comparative figures for 2000

	2001	2000
Cash provided by (used in):		
Operations:		
Net revenue	$ 154,125	$ 23,887
Add (deduct) items not involving cash:		
Amortization of discount on loans to units	(223,660)	(252,375)
Amortization of discount on debenture debt	228,703	263,999
Amortization of premium on investments	(23,440)	(106,529)
Change in non-cash working capital (note 8)	(12,861)	(47,898)
	122,867	(118,916)
Investments:		
Issue of loans of $52,411,252 to units on security of debentures, net of discounts of $123,097 (2000 - $86,956,561 net of discounts of $186,295)	(52,288,155)	(86,770,266)
Principal received on loans to units	164,707,481	138,251,338
Principal received on maturing investments	6,925,000	—
Purchase of investments of $840,814, net of discounts discounts of $84,626	(756,188)	—
	118,588,138	51,481,072
Financing:		
Issue of debentures of $52,413,000, net of discounts of $123,107 (2000 - $86,958,000 net of discounts of $186,376)	52,289,893	86,771,624
Principal payment on debenture debt	(168,042,750)	(139,466,000)
	(115,752,857)	(52,694,376)
Increase (decrease) in cash position	2,958,148	(1,332,220)
Cash position, beginning of year	2,043,160	3,375,380
Cash position, end of year	$ 5,001,308	$ 2,043,160

Cash position is defined as cash and short-term investments.

See accompanying notes to financial statements.

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Notes to Financial Statements
Year ended March 31, 2001

The corporation was created by the Municipal Corporation Act which was proclaimed on July 31, 1979. The corporation began operations on January 1, 1980 and has a March 31 fiscal year-end. The object of the corporation is to provide financing of approved capital projects for municipalities, municipal enterprises, including district school boards, and hospitals through a central borrowing authority.

1. **Summary of significant accounting policies:**

   (a) Discounts on debenture debt and loans to units are being amortized over the life of the debentures payable and the loans receivable to which they relate, using the debentures outstanding method.

   (b) The Reserve Fund was created from interest earnings on funds which had been advanced by the Province of Nova Scotia and have since been repaid and interest on other surplus monies available from time to time, as well as from discounts on loans to units. The purpose of the Reserve Fund is to provide a capital base for the corporation, as well as to provide for funds which may be required for administrative purposes and timing differences.

   (c) The Reserve for debenture/loan interest differential represented an allocation approved by the Board of Directors to fund the negative interest on certain loans. The majority of these loans have now matured, therefore the reserve is no longer required.

2. **Fair values of financial instruments:**

   Financial assets and financial liabilities:

   The fair values of cash, accrued interest receivable, other receivables, accounts payable, accrued interest payable and principal due within one year on loans to units and debenture debt are assumed to approximate their carrying amounts because of their short-term to maturity. The fair values of investments are assumed to approximate quoted market values as disclosed in the financial statements.

   The fair values of the corporation's loans to units and debentures payable fluctuate with changes in current lending rates. The corporation's mandated rate of interest charged on loans to units is directly correlated to its cost of borrowing, thereby providing a hedge against equity erosion. As at March 31, 2001, the corporation's debenture debt was hedged by offsetting loans to units with the exception of $1,107,238 which was hedged by promissory notes. The fair market value of the promissory notes was $1,394,405, while the fair market value of the debentures in excess of the loans to units was $1,154,733. As the corporatin normally holds the debentures to maturity, book values of the investments and debentures have not been adjusted to reflect the differences.

   Trust fund assets managed by the corporation are completely offset by trust fund liabilities providing a hedge against fair value changes.

3. **Loans to units:**

(a) Loans to units are made on the security of their debentures, due in annual instalments for periods up to a maximum of twenty years. Interest rates on the loans range from 1.00% to 12.5%. Due to existing provision for the recovery of any defaults by units, an allowance for doubtful accounts is not required.

(b) Principal payments receivable in each of the next five years are as follows:

2002 .... $	68,328,704
2003	90,111,995
2004.	50,937,881
2005	51,125,239
2006	50,724,445

4. **Trust funds under administration:**

Trust fund assets totalling $20,094,782 (2000 - $100,319,585) are held on behalf of certain municipal units and provincial debt issued for school and hospital construction. These funds represent sinking funds which are held by the corporation to be applied to the repayment of outstanding debenture debt at maturity.

5. Debentures payable:

(a) The debenture debt outstanding at March 31, 2001 totalling $501,313,250 (2000 - $616,943,000) is in Canadian funds and is fully guaranteed by the Province of Nova Scotia except for Series AT which is a private placement.

Series	Date Issued	Maturity Date	Interest Rate	Debt Outstanding
N	Apr. 2/85	2001 to 2005	12.375-12.500	$ 2,930,000
AA	May 29/91	2001	10.500	7,600,000
AB	Oct. 30/91	2001	9.750	5,785,000
AC	May 13/92	2001 to 2002	9.875	31,850,000
AD	Dec. 9/92	2001 to 2002	8.500	11,400,000
AE	May 5/93	2001 to 2003	8.250-8.500	8,900,000
AF	Nov. 18/93	2001 to 2003	7.375-7.625	7,070,000
AG	July 13/94	2001 to 2004	9.000-9.250	8,550,000
AH	Dec. 8/94	2001 to 2004	9.375-9.750	13,940,000
AI •	May 2/95	2001 to 2005	8.875-9.125	10,475,000
AJ	Nov. 14/95	2001 to 2005	7.750-8.125	18,690,000
AK •	May 14/96	2001 to 2006	7.250-8.000	28,864,000
AL	Oct. 28/96	2001 to 2006	6.750-7.500	14,188,000
AM •	May 12/97	2001 to 2007	6.250-7.000	44,208,000
AN •	Oct. 17/97	2001 to 2007	5.250-6.250	31,698,000
AP •	Jan. 30/98	2002 to 2019	5.375-6.125	42,025,000
AQ	May 15/98	2001 to 2008	5.125-5.500	33,182,000
AR •	Dec.1/98	2001 to 2008	5.125-5.625	49,946,000
AS •	May 17/99	2001 to 2009	4.875-5.375	35,345,000
AT	May 28/99	2001 to 2015	1.000	2,531,250
AU •	Dec 22/99	2001 to 2009	6.250-6.750	39,723,000
AV •	June 1/00	2001 to 2010	6.250-6.875	26,760,000
AW •	Nov. 9/00	2001 to 2010	5.875-6.375	25,653,000
				$ 501,313,250

• Placed directly with the Province of Nova Scotia

Interest is payable semi-annually, except Series AT which is payable annually.

(b) Principal payments due in each of the next five years are as follows:

2002	$ 69,064,750
2003	90,912,750
2004	50,846,750
2005	51,080,750
2006	50,687,750

6. **Administrative expenses:**

	2001 Budget	2001 Actual	2000 Actual
Salaries and benefits	$ 192,818	$ 190,267	$ 165,285
Travel	4,000	3,062	3,791
Equipment and maintenance	4,950	3,596	7,305
Printing	2,800	2,161	5,194
Postage	3,000	1,441	1,839
Telecommunications	5,400	3,993	4,226
Stationery and supplies	5,000	2,104	4,096
Professional services	6,000	3,655	6,000
Bank charges	8,000	5,603	8,689
Directors' fees and expenses	5,600	3,727	3,421
Professional development	5,225	5,692	3,576
Dues and subscriptions	1,285	1,089	806
Insurance	745	350	561
Other	500	438	147
Salary recovery	—	—	(6,245)
	$ 245,323	$ 227,178	$ 208,691

7. **Taxes:**

The corporation is not subject to provincial or federal taxes.

8. **Change in non-cash working capital:**

	2001	2000
Accrued interest receivable	$ 4,414,644	$ 3,285,340
Other receivables	5,678	(7,333)
Accounts payable	2,232	12,221
Accrued interest payable	(4,435,415)	(3,338,126)
	$ (12,861)	$ (47,898)

AUDITORS' REPORT

To the Chair and Members of the
Nova Scotia Police Commission

We have audited the balance sheet of the Nova Scotia Police Commission as at March 31, 2001 and the statements of operations and surplus, capital assets and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

GRANT THORNTON LLP
Chartered Accountants

Halifax, Nova Scotia
May 18, 2001

NOVA SCOTIA POLICE COMMISSION

Statements of Operations and Surplus
Year Ended March 31, 2001

	2001	2000
Revenue		
Grant from the Province of Nova Scotia	$ 250,241	$ 267,464
Interest and other revenue	1,618	6,254
	251,859	273,718
Expenses		
Commission		
Salaries, wages and benefits	138,788	151,157
Investigation services	22,579	35,357
Travel	18,953	13,230
Office supplies and services	8,349	6,729
Depreciation	4,680	4,606
Telephone	2,307	4,789
Audit and legal	2,300	7,632
Equipment	2,171	2,015
Dues and fees	1,325	1,076
Printing and copying	963	2,491
Repairs and maintenance	519	858
Transcription	154	470
Other expenses	88	158
	203,176	230,568
Review Board		
Salaries, wages and benefits	42,600	37,075
Travel	8,488	10,231
Dues and fees	—	450
	51,088	47,756
	254,264	278,324
Operating deficit	$ (2,405)	$ (4,606)
Surplus, beginning of year	$ —	$ —
Operating deficit	(2,405)	(4,606)
Transfer from (to) investment in capital assets for		
Depreciation	4,680	4,606
Capital asset acquisitions	(2,275)	—
	2,405	4,606
Surplus, end of year	$ —	$ —

See accompanying notes to the financial statements

NOVA SCOTIA POLICE COMMISSION

Balance Sheet
March 31, 2001

	2001	2000
ASSETS		
Current		
Cash	$ 16,747	$ —
Accounts receivable	9,656	7,124
Due from the Province of Nova Scotia	—	1,096
	26,403	8,220
Capital assets	1,453	3,858
	$ 27,856	$ 12,078
LIABILITIES		
Current		
Bank indebtedness	$ —	$ 1,127
Payables and accruals	11,439	7,093
Due to Province of Nova Scotia	14,964	—
	26,403	8,220
SURPLUS		
Investment in capital assets (Note 3)	1,453	3,858
	$ 27,856	$ 12,078

See accompanying notes to the financial statements.

NOVA SCOTIA POLICE COMMISSION

Statement of Capital Assets
Year Ended March 31, 2001

	Cost			Acummulated Depreciation			2001 Net Book Value	2000 Net Book Value
	Opening	Additons	Closing	Opening	Expense	Closing		
Computer equipment	$ 12,961	$ 2,275	$ 15,236	$ 10,907	$ 3,497	$ 14,404	$ 832	$ 2,054
Equipment	5,917	---	5,917	4,113	1,183	5,296	621	1,804
	$ 18,878	$ 2,275	$ 21,153	$ 15,020	$ 4,680	$ 19,700	$ 1,453	$ 3,858

See accompanying notes to the financial statements.

NOVA SCOTIA POLICE COMMISSION

Statement of Cash Flows
Year Ended March 31, 2001

	2001	2000
Increase (decrease) in cash and cash equivalents		
Operating		
Operating surplus................................$	(2,405) $	(4,606)
Depreciation....................................	4,680	4,606
	2,275	—
Change in non-cash operating working capital (Note 5).....................................	17,874	(27,004)
	20,149	(27,004)
Investing		
Purchase of capital assets.........................	(2,275)	—
Increase (decrease) in cash and cash equivalents..........	17,874	(27,004)
Cash and cash equivalents (net of bank indebtedness),		
Beginning of year................................	(1,127)	25,877
End of year.....................................$	16,747 $	(1,127)

See accompanying notes to the financial statements.

NOVA SCOTIA POLICE COMMISSION

Notes to the Financial Statements
March 31, 2001

1. Incorporation

The Nova Scotia Police Commission was incorporated pursuant to the Police Act of Nova Scotia, Chapter 348 of the Revised Statutes of Nova Scotia, 1989.

2. Summary of Significant Accounting Policies

a) General
These financial statements have been prepared in accordance with generally accepted accounting principles for the public sector.

b) Capital assets
Capital assets purchased by the Commission with a value greater than $1,000 and a useful life greater than one year will be capitalized and amortized over their useful lives on a straight line basis as follows:

Computer equipment	3 years
Equipment	5 years

3. Investment in Capital Assets

	2001	2000
Balance, beginning of year........................	$ 3,858	$ 8,464
Capital asset acquisitions..........................	2,275	—
Depreciation....................................	(4,680)	(4,606)
Balance, end of year............................	$ 1,453	$ 3,858

4. Pensions

The full time employees of the Commission are entitled, as Civil Servants, to receive pension benefits under the Public Service Superannuation Act. The Plan is funded by equal employee and employer contributions. The employer's contributions are included in the Commission's operating expenses. The Commission is not responsible for any unfunded liability.

5. Supplementary cash flow information

Change in non-cash operating working capital

	2001	2000
Accounts receivable............................	$ (2,532)	$ (4,196)
Payables and accruals...........................	4,346	(19,671)
Due to Province of Nova Scotia..................	16,060	(3,137)
	$ 17,874	$ (27,004)

6. Related party transactions

The Nova Scotia Police commission is an independent agency of the Province of Nova Scotia. Funding for the Commission is provided from the Consolidated Fund of the Province through a public service vote. Any retained surplus of the commission is refundable to the Province.

Transactions with the Province by financial statement category are as follows:

	2001	2000
Grant from the Province of Nova Scotia. . . . . $	250,241 $	267,464
Accounts receivable.	5,830	—
Due (to) from the Province of Nova Scotia.	(14,964)	1,096
Surplus - Investment in capital assets.	1,453	3,858

To minimize cost of government while preserving the independence of the Commission, some administrative support is provided by another agency, the Nova Scotia Utility and Review Board (NSUARB). The NSUARB recovers all direct cost paid on behalf of the Commission.

Transactions with the NSUARB by financial statement category are as follows:

	2001	2000
Payables and accruals . . . . $	609 $	542

AUDITORS' REPORT

To the Board of Directors
Nova Scotia Power Finance Corporation

We have audited the statement of financial position of Nova Scotia Power Finance Corporation as at March 31, 2001 and the statement of earnings and retained earnings for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2001 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Chartered Accountants

May 2, 2001

NOVA SCOTIA POWER FINANCE CORPORATION

(Formerly Nova Scotia Power Corporation - See Note 1)

Statement of Financial Position
as at March 31, 2001

NET ASSETS

	2001	2000
		(in millions)
Notes receivable - Nova Scotia Power Inc. (Note 1)	$ ---	$ ---
Accrued interest due from Nova Scotia Power Inc.	---	---
	---	---
Less: Long-term debt (Note 1)	---	---
Accrued interest on long-term debt	---	---
	---	---
Net (Note 2)	$ ---	$ ---

Statement of Earnings and Retained Earnings
year ended March 31, 2001

	2001	2000
		(in millions)
Revenue		
Interest on matching notes (Note 6)	$ ---	$ ---
Expenses		
Interest on long-term debt (Note 6)	---	---
Net earnings	---	---
Retained earnings, beginning of year	---	---
Retained earnings, end of year	$ ---	$ ---

NOVA SCOTIA POWER FINANCE CORPORATION

Notes to the Financial Statements
year ended March 31, 2001

1. REORGANIZATION AND PRIVATIZATION

In 1992, the Province of Nova Scotia passed legislation to facilitate the reorganization and privatization of the business of Nova Scotia Power Corporation (N.S.P.C.). In effecting this, pursuant to the Asset Transfer Agreement effective on August 10, 1992, N.S.P.C. transferred all of its existing assets, liabilities and equity except for long-term debt and related sinking funds to Nova Scotia Power Inc. (N.S.P.I.) in exchange for:

a) matching notes receivable equivalent to outstanding long-term debt, and matching notes payable equivalent to sinking fund assets; and

b) 20,134,666 fully paid common shares of N.S.P.I., issued to the Province of Nova Scotia, which were subsequently sold on August 12, 1992 by the Province of Nova Scotia as a secondary offering. Concurrently, the $13.3 million of contributed surplus of N.S.P.C. was transferred to the retained earnings of N.S.P.I.

Subsequent to the reorganization and privatization, the business activities of N.S.P.C. continued under N.S.P.I. N.S.P.C. changed its name to Nova Scotia Power Finance Corporation (N.S.P.F.C.) which continues to hold the long-term debt and sinking fund assets.

Under the terms of the matching notes receivable, N.S.P.I. is responsible for the long-term debt of N.S.P.F.C.

2. ACCOUNTING POLICIES

Pursuant to changes in the reporting requirements for financial instruments, issued by the Canadian Institute of Chartered Accountants and effective for the years ended March 31, 1998, and thereafter, there is a requirement to net offsetting Notes Receivable and Long-Term Debt, and related interest, where there is a legally enforceable right to set off the recognized amounts and where the corporation's management does intend to realize on the asset and, simultaneously, settle the liability. Management concurs, that these conditions apply to Nova Scotia Power Finance Corporation and hence the assets less offsetting liabilities, have been netted in the Statement of Financial Position.

3. DEFEASANCE ASSETS

The portfolio of defeasance assets consists of Nova Scotia Power Corporation, other Provincial Government and Utilities, Federal Government and Federal US bonds, coupons or residuals. The portfolio mix as of March 31, 2001 is as follows, based upon future cash flows:

Security Type	% of Portfolio
Nova Scotia Power Corp.	68.70
Other Provincial Government and Utilities	29.73
Federal Government	1.54
Federal US Government	0.03
	100.00

The maturity schedule and market value of the defeasance assets, as reported by Royal Trust, as at March 31, 2001 is as follows:

Years of Maturity	Principal Amount	Market Value of Defeasance Assets
1-5	$ 175,000,000	$ 189,431,473
6-10	—	—
11-15	350,000,000	515,389,908
16-20	150,000,000	212,641,141
21-25	473,220,000	601,539,145
26-30	200,000,000	324,598,485

4. LONG-TERM DEBT

Bonds, debentures and notes payable are summarized by years of maturity in the following table:

Years of Maturity	Principal Outstanding Total	Weighted Average Coupon Rate %
March, 2002	$ —	—
March, 2003	—	—
March, 2004	75,000	12.50
March, 2005	100,000	12.13
1-5 years	175,000	12.29
6-10 years	—	—
11-15 years	350,000	11.09
16-20 years	150,000	10.25
21-25 years	473,220	9.40
26-30 years	200,000	11.00
Total long-term debt (Schedule 1)	$ 1,348,220	10.55

5. DEBT DEFEASANCE

On reorganization, N.S.P.I. and N.S.P.F.C. committed, subject to certain conditions, to effect defeasance of N.S.P.F.'s long-term debt through repayment of the matching notes by December 31, 1998 in order to fully remove the debt from its Statement of Financial Position by that date. Defeasance requires qualifying assets to be set aside by the debtor to be used solely for satisfying scheduled future payments of principal and interest of a specific obligation.

Under the terms of the Defeasance Agreement, subject to certain factors, minimum amounts of debt to be defeased are as follows:

December 31	Annual Amount (in millions)
1993	$ 200.0
1994	300.0
1995	400.0
1996	250.0
1997	231.6
	$ 1,381.6

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As at March 31, 2001, $1,348.2 million, being all of the outstanding debt, had been defeased (2000 - $1,461.1 million) (Schedule 1).

6. General and Administrative Expenses

Under the terms of the privatization agreements, N.S.P.I. is responsible for the payment of all N.S.P.F.C. expenses. During the year, $23,745 of such expenses were incurred by N.S.P.F.C. and recovered from N.S.P.I.

Schedule 1

NOVA SCOTIA POWER FINANCE CORPORATION

LONG TERM DEBT
as at March 31, 2001

Series	Date of Maturity	Call Date	Rate	Amount Outstanding	Defeasance To Date	Net Undefeased Balance
Debentures						
"AF"	December 20, 2003 (2)	December 20, 2001	12.50%	$ 75,000,000	$ 75,000,000	$ —
"AG"	February 14, 2005 (2)	February 14, 2002	12.125%	100,000,000	100,000,000	—
"AH"	November 15, 2012	November 15, 2012	10.875%	150,000,000	150,000,000	—
"AJ"	April 27, 2014	April 27, 2014	11.25%	200,000,000	200,000,000	—
"AK"	January 10, 2020	January 10, 2020	10.25%	150,000,000	150,000,000	—
"AM"	February 26, 2031	February 26, 2031	11.00%	200,000,000	200,000,000	—
"AN"	April 1, 2021 (U.S.) (1)	April 1, 2021	9.4%	473,220,000	473,220,000	—
Total long-term debt				$ 1,348,220,000	$ 1,348,220,000	$ —

(1) Amounts payable in foreign currencies and those sinking fund investments denominated in foreign currencies are expressed at the Canadian dollar equivalent at the rates prevailing at the date of the financial statements($300,000,000 US$ converted @ 1.5774 as of March 31,2001).

(2) Callable issues. Under the terms of the privatization agreements, all options must be exercised.

NOVA SCOTIA POWER FINANCE CORPORATION

Continuity of Long-Term Debt
August 10, 1992 to March 31,2001

Long-term debt, August 10, 1992 (Note 1)	$ 2,152,879,732
Less: Sinking funds, August 10, 1992	(420,560,964)
Net long-term debt, August 10, 1992	1,732,318,768

Less: Retired, funded or defeased:

	Debt Retirement	Sinking Fund Growth	Defeasance	
Period ended March 31, 1993	$ (1,371,458)	$ (57,498,429)	$ (130,872,250)	$ (189,742,137)
Year ended March 31, 1994	(238,449,609)	69,597,333	(373,507,887)	(542,360,163)
Year ended March 31, 1995	(65,543,679)	70,132,288	(354,775,338)	(350,186,729)
Year ended March 31, 1996	(184,588,286)	146,494,758	(574,804,525)	(612,898,053)
Year ended March 31, 1997	(113,072,800)	87,986,602	(6,330,000)	(31,416,198)
Year ended March 31, 1998	(99,873,900)	103,848,412	(9,690,000)	(5,715,488)
Year ended March 31, 1999	27,780,000	---	(27,780,000)	---
Year ended March 31, 2000	(16,710,000)	---	16,710,000	---
Sinking fund instalments (NSPI)	---	---	---	---
Sinking fund earnings	---	---	---	---
Retirement of debentures	(150,000,000)	---	150,000,000	---
Transfer to defeasance	---	---	---	---
Retirement of savings bonds	---	---	---	---
Foreign currency translation	37,170,000	---	(37,170,000)	---
Year ended March 31, 2001	(112,830,000)	---	112,830,000	---
	$ (804,659,732)	$ 420,560,964	$ (1,348,220,000)	(1,732,318,768)

Net long-term debt, March 31, 2001	$ ---

Comprised of:

Long-term debt (Schedule 1)	$ 1,348,220,000
Less: Sinking funds	---
Defeasance assets	1,348,220,000
	$ ---

AUDITOR'S REPORT

To the Minister of Natural Resources; and

To the Chair and Members of the
Nova Scotia Primary Forest Products
Marketing Board

I have audited the balance sheet of the Nova Scotia Primary Forest Products Marketing Board as at March 31, 2001 and the statement of revenues, expenses and fund balance, and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2001 and the results of its operations and the changes in its financial position for the year than ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 30, 2001

NOVA SCOTIA PRIMARY FOREST PRODUCTS MARKETING BOARD

Balance Sheet
as at March 31, 2001

ASSETS

	2001	2000
Current		
Cash	$ 200	$ 200
Loan receivable (Note 3)	—	—
Due from processors	47,816	36,005
Due from Province of Nova Scotia	603,019	570,976
	$ 651,035	$ 607,181

LIABILITIES AND FUND BALANCE

	2001	2000
Current		
Accounts payable	$ —	$ 3,816
Due to bargaining agents	30,588	20,072
	30,588	23,888
Fund Balance	620,447	583,293
	$ 651,035	$ 607,181

Commitment (Note 4)

NOVA SCOTIA PRIMARY FOREST PRODUCTS MARKETING BOARD

Statement of Revenues, Expenses and Fund Balance
for the year ended March 31, 2001

	2001		2000
	Budget	Actual	Actual
Revenues			
Charges against suppliers (Note 1)		$ 531,565	$ 286,658
Less: Bargaining agents funding		341,052	148,295
Charges for funding of Board operations	$ 130,000	190,513	138,363
Interest on fund balance	31,500	42,003	35,833
	161,500	232,516	174,196
Expenses			
Bad debt expense	—	—	25,000
Board member per diems	26,000	30,350	19,000
Equipment and maintenance(Note 2)	1,000	137	8,868
Grants	100,000	15,339	17,199
Lease payments - equipment	1,500	1,415	1,574
Lease payments - office space	9,700	8,655	7,507
Legal fees	3,750	8,837	3,800
Other	10,100	3,328	3,460
Salaries	78,000	79,507	86,543
Supplies and services	13,350	21,715	4,932
Travel	16,500	26,079	11,305
	259,900	195,362	189,188
(Dificiency) Excess of revenues over expenses	$ (98,400)	37,154	(14,992)
Fund balance, beginning of year		583,293	598,285
Fund balance, end of year		$ 620,447	$ 583,293

NOVA SCOTIA PRIMARY FOREST PRODUCTS MARKETING BOARD

Statement of Changes in Financial Position
for the year ended March 31, 2001

	2001	2000
Cash derived from (applied to) operations		
(Deficiency) excess of revenues over expenses	$ 37,154	$ (14,992)
Changes in non-cash operating working capital items		
Loan receivable (Note 3)	—	5,000
Allowance for doubtful accounts (Note 3)	—	25,000
Due from processors	(11,811)	501
Due from Province of Nova Scotia	(32,043)	(16,518)
Accounts payable	(3,816)	1,541
Due to bargaining agents	10,516	(532)
	(37,154)	14,992
Increase (decrease) in cash	—	—
Cash, beginning of year	200	200
Cash, end of year	$ 200	$ 200

NOVA SCOTIA PRIMARY FOREST PRODUCTS MARKETING BOARD

Notes to Financial Statements
March 31, 2001

1. Authority

The Nova Scotia Primary Forest Products Marketing Board was established by the Primary Forest Products Marketing Act.

The objectives of the Board are: to provide for the organization and funding of bargaining agents, to provide for the registration of bargaining agents, to provide for the resolution of bargaining disputes, to facilitate and support the continued development of the forest resources held by private woodlot owners, and to enable private woodlot owners to have a fair share of the available market and receive a reasonable return for the sale of primary forest products.

The Board imposes separate charges against producers of primary forest products for the purpose of providing funding of bargaining agents, and for funding the operations of the Board.

2. Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. In common with many small, not-for-profit organizations, the Board charges furniture and equipment acquisitions to expenses in the year of purchase. During the year ended March 31, 2001 the Board purchased furniture and equipment costing $137 (2000 -$8,868).

3. Loan Receivable

In November 1996, the Board provide a non-interest bearing loan of $40,000 to a wood lot owners organization. As of March 31, 2000 the loan had a remaining balance of $25,000, with payments of $5,000 owing twice a year. However, the wood lot owners organization gave the Board notice of winding up its operations pursuant to the Co-operative Association Act.

	2001	2000
Loan receivable	$ 25,000	$ 25,000
Less: Allowance for doubtful accounts	(25,000)	(25,000)
	$ —	$ —

4. Office Lease Commitment

The Board remits monthly payments of $731 to the Department of Transportation and Public Works for the rental of office space procured by the Department on the Board's behalf. The current lease expires September 30, 2004.

5. Pensions

All permanent employees of the Board are entitled to receive pension benefits under the Province of Nova Scotia Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer contributions are included in the Board's operating expenses.

AUDITORS' REPORT

To the Board of Trustees of the Nova Scotia Public Service Long Term Disability
Plan Trust Fund

We have audited the balance sheet of the Nova Scotia Public Service Long Term Disability Trust Fund as at December 31, 2000 and the statement of continuity of fund equity for the period then ended. These financial statements are the responsibility of the fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the fund as at December 31, 2000 and the continuity of the fund for the period then ended in accordance with generally accepted accounting principles.

LYLE TILLEY DAVIDSON
Chartered Accountants

March 7, 2001

NOVA SCOTIA PUBLIC SERVICE
LONG TERM DISABILITY PLAN TRUST FUND
Balance Sheet
as at December 31, 2000

ASSETS

	December 31 2000	March 31 2000
CURRENT ASSETS		
Cash	$ 246,920	$ 619,909
Accounts receivable - premiums	1,139,984	592,736
- EI premium rebates	69,646	49,198
- C.P.P. rebates	97,948	36,637
Goods and Services Tax receivable	91,397	97,793
Investments (note 4)	29,890,762	31,071,380
	31,536,657	32,467,653
CAPITAL ASSETS (note 5)	8,441	4,021
	$ 31,545,098	$ 32,471,674

LIABILITIES

	December 31 2000	March 31 2000
CURRENT LIABILITIES		
Accounts payable - Province of Nova Scotia	$ 1,419,887	$ 667,201
- other	184,213	84,144
Deferred revenue	30,411	29,178
	1,634,511	780,523

FUND EQU[illegible]

	December 31 2000	March 31 2000
FUND EQUITY	29,910,587	31,691,151
	$ 31,545,098	$ 32,471,674

NOVA SCOTIA PUBLIC SERVICE
LONG TERM DISABILITY PLAN TRUST FUND
Statement of Continuity of Fund Equity
for the period ended December 31, 2000

	December 31 2000 (9 months)	March 31 2000 (12 months)
FUND INCREASES		
Premiums (note 6)	$ 7,783,965	$ 10,337,801
EI premium rebates	531,567	954,409
Disability claim recoveries - subrogation	63,363	342,299
	8,378,895	11,634,509
FUND DECREASES		
Actuarial	44,266	64,199
Audit and accounting	18,714	17,077
Disability claims	8,757,872	11,059,566
GST adjsutment	6,395	---
Investment custodian	24,655	28,031
Investment manager	55,238	69,441
Legal - subrogation	11,904	32,362
- other	2,225	11,441
Office and sundry (note 7)	138,893	155,146
Operational review	---	20,700
Plan administration services	299,723	339,136
Rehabilitation program	191,618	154,804
	9,551,503	11,951,903
DECREASE IN FUND EQUITY BEFORE INVESTMENT INCOME (LOSS) DURING THE PERIOD	(1,172,608)	(317,394)
INVESTMENT INCOME (LOSS)	(607,956)	7,836,520
INCREASE (DECREASE) IN FUND EQUITY DURING THE PERIOD	(1,780,564)	7,519,126
FUND EQUITY - BEGINNING OF PERIOD	31,691,151	24,172,025
FUND EQUITY - END OF PERIOD	$ 29,910,587	$ 31,691,151

NOVA SCOTIA PUBLIC SERVICE
LONG TERM DISABILITY PLAN TRUST FUND
Notes to Financial Statements
for the period ended December 31, 2000

1. AUTHORITY AND ACTIVITIES

The fund was established to provide a long term disability plan for the employees of the Province of Nova Scotia and such other employee groups as approved by the trustees.

2. EFFECTIVE DATES

The plan was established by Order in Council dated September 26, 1985.

The trust was established by Agreement and Declaration of Trust dated December 23, 1985.

Claimants' benefits became effective May 1, 1985 for employees who, at that time, met prescribed eligibility requirements.

3. ACCOUNTING POLICIES

Disability claims are recorded only for the qualifying disability periods to the date of the financial statements and no liabilities are recorded for future claim periods.

Marketable securities are stated at market value.

The fund records amortization of the capital assets at the annual rate of 30% using the declining balance method. Amortization is calculated at one-half of the normal annual rate in the year of acquisition; no amortization is recorded in the year of disposal.

4. INVESTMENTS

Investments include marketable securities, accrued interest thereon and the custodian's account balance. The investments as at December 31, 2000 are recorded at market value of $29,890,762 (cost - $25,263,083) and at March 31, 2000 were recorded at market value of $31,071,380 (cost - $22,684,152).

5. CAPITAL ASSETS

	December 31 2000			March 31 2000
	Cost	Accumulated amortization	Net	Net
Computer equipment	$ 24,366	$ 16,185	$ 8,181	$ 3,684
Software	3,068	2,808	260	337
	$ 27,434	$ 18,993	$ 8,441	$ 4,021

6. PREMIUMS

	December 31 2000	March 31 2000
Atlantic Provinces Special Education Authority Centres	$ 31,110	$ 41,001
Central Regional Health Services	109,908	144,928
Correctional officers	153,826	205,223
Department of Transportation	393,364	568,988
Eastern Regional Health Services	78,103	106,840
Northern Regional Health Services	51,337	62,481
Nova Scotia Government Employees Union	35,259	38,078
Nova Scotia Legal Aid	89,768	117,650
Nova Scotia Utility and Review Board	17,666	23,101
Other	15,084	19,358
Province of Nova Scotia Employees	5,408,092	7,144,613
Queen Elizabeth II	1,354,814	1,803,097
Western Regional Health Services	45,634	62,443
	$ 7,783,965	$ 10,337,801

7. OFFICE AND SUNDRY

	December 31 2000	March 31 2000
Amortization	$ 1,580	1,724
Equipment rentals	1,810	3,123
Miscellaneous	26,325	23,127
Rent and taxes	11,641	12,995
Salaries and benefits	72,814	91,088
Supplies and postage	14,050	14,903
Telephone	3,461	4,503
Professional development	4,634	1,688
Vehicle allowance and travel	2,578	1,995
	$ 138,893	$ 155,146

8. ACTUARIAL VALUATION

The last actuarial valuation was completed as at March 31, 1997, which projected the present value of the fund liabilities for reported and estimated incurred but unreported claims to be $66,079,000. The actuarial value of the fund assets as at March 31, 1997 was $21,260,000, leaving an unfunded actuarial liability of $44,819,000.

AUDITOR'S REPORT

To the Members of the Legislative
Assembly of Nova Scotia, and

To the Minister of Finance

I have audited the Statement of Net Assets Available for Benefits and Accrued Pension Benefits of the Nova Scotia Public Service Superannuation Fund as at March 31, 2001 and the Statement of Change of Net Assets Available for Benefits for the period then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits of the Fund as at March 31, 2001 and changes in net assets available for benefits for the period then ended in accordance with Canadian generally accepted accounting principles.

E. R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
June 8, 2001
(Except for notes 4 and 5 which are as of July 31, 2001)

NOVA SCOTIA PUBLIC SERVICE SUPERANNUATION FUND

Statement of Net Assets Available for Benefits and Accrued Pension Benefits as at March 31, 2001

	2001	2000 [Restated Notes 2 (d) and 4(a)]
	(in thousands)	
NET ASSETS AVAILABLE FOR BENEFITS		
Assets		
Investments (Note 3)	$ 2,912,701	$ 3,130,701
Contributions receivable		
Employees'	2,034	2,067
Employers'	2,162	2,267
Accrued income	22,369	19,445
Prepaid expenses	—	78
Cash	680	1,986
Total Assets	2,939,946	3,156,544
Liabilities		
Net investment transactions outstanding	9,625	43,214
Accounts payable	16,570	24,179
Total liabilities	26,195	67,393
Net Assets Available for Benefits	2,913,751	3,089,151
Actuarial asset value adjustment (Notes 2(d) and 4)	1,000	(234,402)
Actuarial value of net assets available for benefits	$ 2,914,751	$ 2,854,749
ACCRUED PENSION BENEFITS AND SURPLUS		
Accrued pension benefits	$ 2,970,060	$ 2,760,100
(Deficiency) Surplus (Note 5)	(55,309)	94,649
Accrued pension benefits and surplus	$ 2,914,751	$ 2,854,749

See accompanying notes to financial statements.

NOVA SCOTIA PUBLIC SERVICE SUPERANNUATION FUND

Statement of Changes in Net Assets Available for Benefits
for the year ended March 31, 2001

	2001	2000
	(in thousands)	
(Decrease) Increase in Assets		
Investment activities (Note 3)	$ (90,835)	$ 661,549
Contributions		
Employers'- matched	32,486	32,756
Employees' - matched	32,486	32,756
Employees' - unmatched	263	155
Interest on the purchase of prior years service	1,697	1,394
Transfers from other pension plans	8,302	2,286
	75,234	69,347
Total (decrease) increase in assets	(15,601)	730,896
Decrease in Assets		
Benefits paid	135,667	131,060
Operating expenses (Note 6)	7,301	6,775
Refund of contributions and interest and transfers to other		---
pension plans	16,831	9,780
Total decrease in assets	159,799	147,615
(Decrease) Increase in Net Assets	(175,400)	583,281
Net Assets Available for Benefits at Beginning of Year	3,089,151	2,505,870
Net Assets Available for Benefits at End of Year	$ 2,913,751	$ 3,089,151

See accompanying notes to financial statements.

Notes to the Financial Statements
March 31, 2001

1. Authority and Description of Plan

The Public Service Superannuation Fund (the Fund) was established by the Public Service Superannuation Act (the Act). It is the funding vehicle for the Public Service Superannuation Plan (the Plan), a pension plan which covers employees of the Province and certain other public sector organizations. The detailed provisions of the Plan, including pension eligibility criteria and benefit formulas are also contained in the Act and in the Regulations made under the Act.

Employee and employer contributions and investment earnings are credited to the Fund. Pensions, payments to terminating employees and administration expenses are charged to the Fund. The Minister of Finance is trustee of the Fund which is invested in federal, provincial, municipal and corporate securities which qualify as eligible investments under the Provincial Finance Act.

The Plan is funded by employee and matching employer contributions of 5.4% of salary up to the Year's Maximum Pensionable Earnings (YMPE) per the Canada Pension Plan (CPP) and 7% of salary above the YMPE. The basic pension formula is 2% for each year of pensionable service times the number of years of pensionable service. Pensions are integrated with CPP benefits at age 65. Pensions in pay and deferred pensions are increased on January 1 of each year at a rate equal to the increase in the Consumer Price Index for Canada to a maximum of 6%.

Plan members are eligible for a pension upon reaching any of the following criteria:

- age 50 with an age plus pensionable service factor of 80 - "Rule of 80" (active members only);
- age 55 with two years of service (reduced pension);
- age 55 with an age plus pensionable service factor of 85 - "Rule of 85" (deferred pensioners);
- age 60 with two years of service;
- age 65

Certain pension payments are attributable to previous early retirement programs and other unfunded benefits. They are charged to the Consolidated Fund of the Province and participating employers and are not paid from the Fund. These payments amounted to $15,518,000 for the year ended March 31, 2001 (2000 - $15,273,000).

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements are prepared on the going-concern basis and present the aggregate financial position of the Fund as a separate financial reporting entity. They are prepared in accordance with generally accepted accounting principles.

(b) Foreign Currency Translation

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing on the trade dates of the transactions. The market value of foreign investments and cash balances held at year end are translated at the rates in effect at that date. The resulting gain or loss from changes in these rates is included in unrealized investment income.

(c) Investments

(i) Investments are reported as of the trade date and are stated at market value. Market value is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

(ii) The derivative contracts held by the Fund are recorded at market value with the resulting gains or losses being recognized in unrealized investment income.

(iii) Investments include debentures of the Province of Nova Scotia and the Nova Scotia Municipal Finance Corporation with total market value of $57.4 million (2.0% of Total Assets) as at March 31, 2001 ($73.6 million (2.3% of total assets) as at March 31, 2000).

(d) Changes in Determining the Actuarial Value of Net Assets Available for Benefits

During 2001, the following change in determining the Actuarial value of net assets available for benefits relating to investments was made and applied retroactively:

The actuarial asset value adjustment reflects the portion of investment gains or losses (relative to actuarial assumptions) not yet recognized for purposes of determining the net assets available for benefits. The adjustment is based on the difference between the market value of assets and what the market value would have been if the fund had earned the assumed rate of return, and is amortized over the current year and the following two years. These changes resulted in no change to the net assets available for benefits at March 31, 2001 (2000 reduction of $235,802,000). Previously the actuarial value of assets was equal to the net assets available for benefits, determined on the basis of market values.

3. Investments and Derivatives

The investment objectives of the Plan are to provide long-term security of pension benefits to members and to minimize any increases in contributions required by members and the employers. A strategy of investing in assets of Canadian and foreign equities, bonds, debentures, mortgages and money market securities is aimed at achieving these objectives.

(a) Market value of investments and related income before allocating the effect of derivative contracts.

	As at March 31, 2001		For the Year (Loss) Income *	As at March 31, 2000		For the Year (Loss) Income *
	Asset	%		Asset	%	
			(in thousands)			
Money market. .	$ 307,874	10.6%	$ 18,863	$ 432,273	13.8%	$ 18,775
Fixed income. . .	1,113,667	38.2%	96,284	957,362	30.6%	21,726
Equities						
- Cdn	767,651	26.4%	(76,223)	1,148,621	36.7%	371,588
- US	461,370	15.8%	(5,395)	191,523	6.1%	8,890
- Other foreign	276,684	9.5%	(105,044)	382,683	12.2%	163,002
Derivatives	(14,545)	(0.5)%	(19,355)	18,239	0.6%	77,519
Other	—	—	35	—	—	49
	$ 2,912,701	100.0%	$ (90,835)	$ 3,130,701	100.0%	$ 661,549

- Includes realized gains of $320.3 million ($226.1 - 2000) and unrealized gains (losses) of $(544.8) million ($278.0 - 2000).

(b) Derivative Contracts

Derivatives are financial contracts, the value of which is 'derived' from the value of underlying assets or interest or exchange rates. Derivatives provide flexibility in implementing investment strategy. Money market-to-equity swaps have been used during the year to adjust the asset mix. The following provides details of the derivative money market-to-equity swap contracts outstanding as at March 31, 2001. Notional amounts of derivative contracts represent the volume of outstanding transactions and serve as the basis upon which the return from and market value of the contracts are determined. These contracts are denominated in Canadian dollars and are reset quarterly.

Notional Principal	Original Term	Credit Rating of Counter-party (in thousands)	Equity Index	BA Index	Market Value
$ 49,427	1.0 yr	AA(low)	S&P/TSE60	CAD-BA-CDOR	$ (502)
57,552	1.0 yr	AA(low)	S&P/TSE60	CAD-BA-CDOR	(6,783)
16,478	1.0 yr	AA(low)	S&P/TSE60	CAD-BA-CDOR	(4,125)
61,253	0.8 yr	AA(low)	S&P/TSE60	CAD-BA-CDOR	(2,433)
$ 184,710					$ (13,843)

The following provides details of the foreign currency swap contract outstanding as at March 1, 2001. The notional amount of the contract represents the volume of the outstanding transaction and serves as the basis upon which the return from and market value of the contract is determined.

Notional Principal	Credit Rating of Counter-party	BA Index	Market Value
Sell 1,150,000 Japanese(Yen)	AA (low)	CAD-BA-CDOR	$ 702

(c) Market value of investments and related income after allocating the effects of derivative contracts.

	As at March 31, 2001 Asset	As at March 31, 2001 %	For the Year (Loss) Income * (in thousands)	As at March 31, 2000 Asset	As at March 31, 2000 %	For the Year (Loss) Income * (in thousands)
Money market. .	$ 121,612	4.2%	$ 5,537	$ 186,614	6.0%	$ 8,427
Fixed income. . .	1,113,667	38.2%	96,234	957,362	30.6%	21,726
Equities						
- Canadian . . .	939,368	32.3%	(82,252)	1,412,519	45.1%	459,455
- US	461,370	15.8%	(5,395)	191,523	6.1%	8,890
- Other foreign	276,684	9.5%	(105,044)	382,683	12.2%	163,002
Other	—	—	35	—	—	49
	$ 2,912,701	100.0%	$ (90,885)	$ 3,130,701	100.0%	$ 661,549

- Includes realized gains of $320.3 million ($226.1 million - 2000) and unrealized gains (losses) of $(544.8) million ($278.0 million - 2000).

(d) Interest rate risk

Interest rate risk refers to the fact that the Plan's financial position will change as market interest rates change. Interest rate risk is inherent in the nature of the pension plan business due to prolonged timing differences between cash flows related to the plan's assets and cash flows related to the plan's liabilities.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets. Pension liabilities are exposed to the long-term expectation of rate of return on the investments as well as expectations of inflation and salary escalation. To meet these liabilities the plan has established an asset mix policy of approximately 60% equities and 40% fixed income securities. Long-term equity returns have historically shown high correlation with changes in inflation and salary escalation, while fixed income securities are sensitive to changes in nominal interest rates. At March 31, 2001 the $1,113,667,000 fixed income securities had a modified duration of 5.60 years. This means a 1% decrease in nominal interest rates would increase their market value by approximately 5.60 %.

(e) Credit risk

Credit risk is the risk of loss in the event the counterparty to a transaction fails to discharge an obligation and causes the other party to incur a loss.

The Plan limits credit risk by purchasing fixed income securities with a credit rating of "BBB" and higher. In addition, the Plan limits derivative contract risk by dealing with counterparties that have a minimum "A" credit rating.

(f) Foreign currency risk

Foreign currency exposure arises from the Plan's holding of foreign currency-denominated equities. From time to time some of this exposure will be hedged based on interest rates or other economic fundamentals.

The Plan's foreign currency exposure is summarized in the following table.

Currency	March 31, 2001	(in thousands)	March 31, 2000
Canada	2,180,768		2.513.812
Eurozone	105,141		102,522
Japan	24,885		96,410
United Kingdom	41,611		45,441
United States	495,116		283,903
Other	88,229		110,044
Total	2,935,750		3,152,132

4. Actuarial Asset Value Adjustment

The actuarial asset value adjustment is comprised of the following:

	2001 (in thousands)	2001
Unamortized Investment (gains) losses	$ —	$ (235,802)
Service Buy-back Receivable	1,000	1,400
	$ 1,000	$ (234,402)

a) Unamortized Investment Gains and Losses

The net assets available for benefits is subject to an actuarial asset value adjustment which moderates the effects of market volatility on investment value. The adjustment is based on the difference between the market value of assets and what the market value would have been if the fund had earned the assumed rate of return, and is amortized over the current year and the following two years. The actuarial asset value adjustment reflects the portion of investment gains or losses (relative to actuarial assumptions) not yet recognized for purposes of determining the net assets available for benefits. This adjustment is subject to the condition that the actuarial asset value will not be greater than the fair market value of investments.

Unamortized investment (gains) losses were fully amortized at March 31, 2001 as a result of losses from investment activities for the year ended March 31, 2001.

b) Service Buy--back Receivable

This receivable represents the present value of outstanding employee and employer contributions which are due as a result of service buy-backs.

5. Actuarial Valuation

Actuarial valuations of the Public Service Superannuation Fund are carried out at least every three years and provide an estimate of the accrued pension benefits (fund liabilities) as at the valuation date, calculated on the basis of various assumptions with respect to pension costs and rates of return on investments. The calculations are updated in inter-valuation years. The last valuation of the Public Service Superannuation Fund was carried out by the Plan's consulting actuary, Morneau Sobeco, as at December 31, 2000 and reported on in July 2001.

The actuarial valuation projects liabilities for each member on the basis of service earned to date and the member's projected five year average salary at the expected date of retirement. The actuaries have used the unit credit method of determining the current cost and actuarial liability. The major economic and demographic assumptions used in the last valuation were as follows:

	Valuation December 31, 2000	Valuation December 31, 1999
Inflation	3.0% per annum	3.0% per annum
Average Salary Increase	0.5% real plus 1.0% merit increase	0.5% real plus 1.0% merit increase
Real Rate of Return on Investment	4.25% per annum	4.25% per annum
Average Retirement Age	20% - age 55 or "Rule of 80" 80% - age 60 or 35 years service	100% - age 59
Mortality	1994 Group Annuity Mortality Table projected to 2000 using scale AA	1983 Group Annuity Mortality Table (with one-year age setback)

The impact of the changes in actuarial assumptions used for the 2000 valuation as compared to the 1999 valuation:

- The assumed retirement age was changed from all member retire at age 59 to 20% of member retire upon the attainment of age 55 or "Rule of 80" and the rest at age 60 or 35 years of service. This increased the reported value of accrued liabilities by approximately $50.5 million; and
- The mortality assumption was changed to the 1994 Group Annuity Mortality Table projected to 2000 using scale AA from 1983 Group Annuity Mortality Table (with one-year age setback. This change increased the reported value of accrued liabilities by approximately $2.9 million.

The valuation as at December 31, 2000 indicated that the plan had a surplus of $21.2 million (1999 - $157.5 million). A projection to March 31, 2001, applying the same assumptions, indicated an unfunded liability of $55.3 million (2000 surplus $94.7 million).

6. Operating Expenses

The Fund is charged with administrative and certain other expenses incurred on behalf of the Fund by the Department of Finance. The following is a summary of these operating expenses.

	2001	2000
	(in thousands)	
Investment management fees	$ 5,591	$ 5,463
Professional services	211	68
Salaries	849	675
Supplies and services	493	475
Travel	28	24
Other	129	70
	$ 7,301	$ 6,775

AUDITORS' REPORT TO THE SHAREHOLDER

We have audited the consolidated balance sheet of Nova Scotia Resources Limited as at December 31, 2000, and the consolidated statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2000, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Halifax, Canada
March 9, 2001

NOVA SCOTIA RESOURCES LIMITED

Consolidated Balance Sheet
December 31, 2000, with comparative figures for 1999

ASSETS

	2000	1999 (in thousands)
Gas properties (note 2)	$ 187,881	$ 182,555
Receivables and other assets (note 3)	14,497	1,896
Cash and short-term investments	17,946	5,303
Investment tax credits receivable	71	4,636
	$ 220,395	$ 194,390

LIABILITIES and SHAREHOLDER'S EQUITY (DEFICIENCY)

	2000	1999
Commercial paper (note 4)	$ ---	$ 349,151
Short-term borrowing (note 5)	---	364,682
Provision for site restoration (note 6)	12,864	34,343
Payables and accruals	14,721	8,288
	27,585	756,464
Shareholder's equity (deficiency):		
Capital stock:		
Authorized: 40,000 common shares without par value		
Issued and outstanding: 3 common shares	1	1
Contributed surplus (note 7)	796,400	
Deficit	(603,591)	(562,075)
	192,810	(562,074)
	$ 220,395	$ 194,390

Commitments (note 8)
Subsequent events (note 9)

See accompanying notes to financial statements.

NOVA SCOTIA RESOURCES LIMITED

Consolidated Statement of Operations and Deficit
Year ended December 31, 2000, with comparative figures for 1999

	2000	1999 (in thousands)
Revenue:		
Oil and gas revenue	$ 87,845	$ 35,501
Royalties	25	1,293
	87,820	34,208
Government funding and sundry income (note 10)	6,147	772
	93,967	34,980
Expenses:		
Transportation	24,332	---
Production	11,006	40,904
General and administrative	2,074	1,249
Depreciation and depletion	13,792	29,436
	51,204	71,589
Earnings (loss) before financing cost, income taxes and other	42,763	(36,609)
Interest expense	44,038	26,385
Foreign exchange loss (gain)	33,933	(37,330)
Litigation settlement (note 11)	5,429	
Income taxes	879	.500
Loss for the year	41,516	26,164
Deficit, beginning of year	562,075	535,911
Deficit, end of year	$ 603,591	$ 562,075

See accompanying notes to financial statements

NOVA SCOTIA RESOURCES LIMITED

Consolidated Statement of Cash Flows
year ended December 31, 2000, with comparative figures for 1999

	2000	1999 (in thousands)
Cash derived from (applied to):		
Operating:		
Loss for the year	$ (41,516)	$ (26,164)
Items not involving cash:		
Depreciation and depletion	13,792	29,436
Unrealized foreign exchange gain on commercial paper and short-term borrowing	—	(18,264)
	(27,724)	(14,992)
Changes in non-cash operating working capital items:		
Collateral deposits	—	245
Receivables and other assets	(12,611)	6,321
Payables and accruals	6,433	569
Income tax credits receivable	4,565	(4,636)
	(29,337)	(12,493)
Financing:		
Decrease in commercial paper	(349,151)	(589)
Increase in short-term borrowings	431,718	117,003
	82,567	116,414
Investing:		
Expenditures on gas properties	(19,108)	(115,593)
Increase in provision for site restoration	1,071	13,000
Payments for site restoration	(22,550)	(657)
	(40,587)	(103,250)
Increase in cash	12,643	671
Cash and short-term investments, beginning of year	5,303	4,632
Cash and short-term investments, end of year	$ 17,946	$ 5,303

Supplemental cash flow information (note 12)

See accompanying notes to financial statements.

NOVA SCOTIA RESOURCES LIMITED

Notes to Consolidated Financial Statements
year ended December 31, 2000

1. **Significant accounting policies:**

(a) Basis of presentation:

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. Substantially all of the Company's activities are conducted jointly with others and accordingly, these financial statements reflect only the Company's proportionate interest in these activities.

(b) Gas properties:

The Company accounts for gas properties in accordance with the Canadian accounting guideline on full cost accounting.

Under this method, all costs associated with the acquisition, exploration and development of gas properties are capitalized in one cost centre. Depletion is calculated using the unit of production method based on gross proved reserves before royalties. A ceiling test is applied to ensure that the capitalized costs do not exceed the estimated future revenues, net of production, site restoration, administration and financing costs.

(c) Provision for site restoration:

The provision for future removal and site restoration costs for the Cohasset/Panuke project is based on current estimates and has been fully charged against income as part of depletion expense.

Provision for future removal and site restoration costs for the Sable Offshore Energy Project is being made based on estimated costs and is being charged to depletion over the life of the properties on a unit-of-production basis.

(d) Measurement uncertainty:

The amounts recorded for depletion and site restoration are based on estimates of reserves and future costs. By their nature, these estimates are subject to measurement uncertainty and the impact on the financial statements of future periods could be material.

(e) Foreign currency translation:

Monetary items that are denominated in foreign currencies are translated into Canadian dollars at the foreign exchange rates in effect at the balance sheet date. Exchange gains and losses arising on the translation of short-term foreign currency balances are recorded in the statement of operations. The Company does not have any long-term foreign currency balances.

(f) Revenue recognition:

Revenue from the oil and gas fields offshore Nova Scotia is recorded at current sales prices once the product is delivered.

(g) Joint venture accounting:

A significant part of the Company's activities is conducted with others and accordingly, these financial statements reflect only the Company's proportionate interest in these activities.

2. Gas properties:

The Company has the following interests in gas fields and other interests offshore Nova Scotia:

	Cost	Accumulated depletion	2000 Net Book value	1999 Net Book value
		(in thousands)		
Sable Offshore Energy Project -8.4% working interest	$ 200,639	$ 14,268	$ 186,371	$ 181,177
SDL evaluations -Scotian Shelf	1,510	—	1,510	1,378
	$ 202,149	$ 14,268	$ 187,881	$ 182,555

During 2000, interest totaling nil (1999 - $8.3 million) has been capitalized to the cost of the Sable Offshore Energy Project.

During 1999, the Cohasset/Panuke project ceased producing oil in order to evalute deeper hydrocarbon potential. The remaining value of the oil properties has been fully depleted and the remaining carrying value has been charged to depletion. The Company continues to hold 50% working interest in the shallow formations within the Cohasset/Panuke project and has negotiated a 2% gross overriding royalty on hydrocarbon reserves in deeper formations under Production License #2902.

In applying the ceiling test to its gas reserves, the Company used forecasted commodity prices at December 31, 2000 to determine the net recoverable amount from its gas activities. The Company compared this net recoverable amount to the carrying value of the gas properties and has determined that no write down is required.

The Company has provided a fixed and floating charge security on the real and personal property comprising the Sable Offshore Energy Project to secure its performance of its obligations under the Sable Offshore Project agreements.

3. Receivable and other assets:

	2000	1999
		(in thousands)
Accounts receivable, trade	$ 13,391	$ 44
Prepaid expenses	207	369
Receivable - J.V. partner	861	239
Receivable - Offshore Infrastructure Fund	—	1,200
Other assets	38	44
	$ 14,497	$ 1,896

4. Commercial paper:

In 1986 the Company established a Euro Commercial Paper Programme under which it issues short-term notes to an aggregate principal amount not exceeding U.S. $250 million. These notes are denominated in U.S. dollars and the principal balance outstanding at December 31, 2000 was U.S. nil (1999 - $242 million). The average coupon rate for issuances in the year was 6.34% (1999 - 5.79%). At December 31, 2000, the rate for new issues in the three month term was approximately nil (1999 - 6.05%).

To support the Euro Commercial Paper Programme, the Company arranged a demand credit facility which provides committed bank funding to U.S. $250 million. The principal balance outstanding at December 31, 2000 was $nil (1999 - nil).

Payment of principal and interest under the Euro Commercial Paper Programme and the demand credit facility were guaranteed by the Province of Nova Scotia. During the year the Company repaid all amounts outstanding under the Euro Commercial Paper Programme.

5. Short-term borrowing:

The short-term notes have face values totalling U.S. nil (1999 - $222 million) and CDN nil (1999 - $44 million). The short-term notes payable to the Province of Nova Scotia were forgiven during the year (note 13).

6. Provision for site restoration - measurement uncertainty:

The provision for site restoration as at December 31, is comprised as follows:

	2000	1999
	(in thousands)	
Cohasset/Panuke project	$ 11,793	$ 34,343
Sable Offshore energy Project	1,071	—
	$ 12,864	$ 34,343

The carrying value of the provision for site restoration costs for the Cohasset/Panuke Project is based on an abandonment study conducted by an independent third party. The actual costs will be determined when the extent of the site restoration is approved by the Canada - Nova Scotia Offshore Petroleum Board. The Company's share of the cost of site restoration, based on the option chosen, has been estimated to range between $30 million and $40 million and was recorded at $35 million. As at December 31, 2000 $23.3 million has been paid for site restoration leaving a remaining provision of $11.7 million in respect of this project.

As evidence of financial responsibility regarding the abandonment of the Cohasset/Panuke Project, the Company has issued a demand promissory note to the Canada-Nova Scotia Offshore Petroleum Board in the amount of $17.5 million. This note is guaranteed by the Province of Nova Scotia.

As evidence of financial responsibility regarding the abandonment of the Sable Offshore Energy Project, the Company has issued a $4.2 million letter of credit to the Canada - Nova Scotia Offshore Petroleum Board. This letter of credit is guaranteed by the Province of Nova Scotia.

7. Contributed surplus:

During the year, the Province of Nova Scotia (the shareholder), by Order in council, forgave all of the Company's outstanding debt owed to the Province of Nova Scotia. This amount, less return of surplus funds, has been recorded as contributed surplus.

8. Commitments:

The Company has committed to certain payments over the next five years as follows (in thousands of dollars):

	2001	2002	2003	2004	2005
Equipment leasing and drilling commitments for the Sable Offshore Energy Project	$ 393	$ 372	$ 374	$ 293	$ 251
Natural gas transportation	21,379	21,251	21,251	21,251	21,251
Other	200	200	200	200	200
Total	$ 21,972	$ 21,823	$ 21,825	$ 21,744	$ 21,702

The obligations of the Company relating to natural gas transportation have been fully guaranteed by the Province of Nova Scotia.

The amounts shown above for Cohasset/Panuke Project site restoration are included in the provision for site restoration in the balance sheet.

9. Subsequent events:

Subsequent to year-end, an offer was made to purchase the Company's net assets related to the Sable Offshore Energy Project and shares of the Company for a total of $420 million. This transaction has not been finalized as of the date of these financial statements.

10. Government funding and sundry income:

Included in government funding and sundry income is an amount of $5.0 million (1999 - nil) in infrastructure funding related to site restoration costs.

11. Litigation settlement:

During the year the Company reached a settlement related to a claim filed by TransCanada Pipelines Limited in prior years. As the outcome of the claim could not previously be determined, no amount has been accrued in prior years. The full amount of the settlement has been included as a current year charge against income.

12. Supplemental cash flow information:

	2000	1999
	(in thousands of dollars)	
Cash paid for:		
Interest	$ 54,625	$ 24,956
Income taxes	462	212
Cash received:		
Interest	780	507
Income taxes	4,678	—

13. Financial instruments:

(a) Risk management activities

The Company operates internationally and has significant exposure to fluctuation in the US dollar, interest rates and oil and gas prices.

At December 31, 2000 a total of nil (1999 - $670 million) of liabilities are denominated in US dollars. In addition, substantially all of the oil and gas revenue is subject to fluctuation of US currency.

The Company has not entered into any foreign exchange contracts or interest rate swap agreements to manage its exposure to foreign currency and interest rate fluctuations on its US dollar denominated liabilities.

The Company has not entered into any gas futures or foreign exchange contracts to hedge anticipated sales.

(b) Interest rate risk

At December 31, 2000 the increase or decrease in annual net earnings for each one percent change in interest rate on floating rate debt and short-term fixed debt amounts to nil (1999 - $7.1 million).

(c) Foreign exchange risk

For the 2000 fiscal year, the increase or decrease in annual net loss for each one cent change in the Canadian dollar, relative to the U.S. dollar, on oil and gas revenue, U.S. denominated liabilities and interest expense amounts to $1.0 million (1999 - $9.7 million).

(d) Concentration of credit risk

All of the Company's accounts receivable-trade are with customers in the oil and gas industry and are subject to normal industry credit risks.

(e) Fair Values

The fair value of the Company's receivables and other assets, cash and short-term investments, payables and accruals, commercial paper and short-term borrowing approximate their carrying amounts due to the relatively short periods to maturity of these instruments.

14. Income taxes:

As a Crown corporation, the Company is not taxable under the provisions of the Income Tax Act of Canada.

The Company's oil and gas operations are conducted through a subsidiary, Nova Scotia Resources (Ventures) Limited. This subsidiary is a taxable corporation and has approximately $831 million (1999 - $808 million) of deductions available to reduce future taxable income. The tax benefit related to the deductions has not been recognized in these financial statements.

During 2000, refundable investment tax credits totaling approximately $71,000 (1999- $4.9 million) were earned by Nova Scotia Resources (Ventures) Limited and have been recorded as a reduction in the cost of the Sable Offshore Energy Project.

15. Related party transactions:

The Company paid nil (1999 - $272,453) in consulting fees to Directors of the Company for specialized oil and gas consulting, primarily related to the Sable Offshore Energy Project. These transactions are in the normal course of operations and were measured at fair market value.

AUDITOR'S REPORT

To the Chairperson and Members of the
Nova Scotia Talent Trust

I have examined the statements of financial position of the Nova Scotia Talent Trust Operating Fund and Investment Fund as at March 31, 2001 and the statements of revenues, expenses and fund balances for the year then ended. These financial statements are the responsibility of the Trust's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many similar organizations, the Trust derives revenue from fund raising activities and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Trust and I was not able to determine whether any adjustments might be necessary to fund raising and donation revenues, (deficiency) excess of revenues over expenses, assets and Trust equity.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the fund raising and donation revenues referred to in the preceding paragraph, these financial statements present fairly in all material respects, the financial position of the Trust as at March 31, 2001 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R.Salmon, FCA
Auditor General

Halifax, Nova Scotia
May 18, 2001

NOVA SCOTIA TALENT TRUST

Operating Fund Balance Sheet
as at March 31, 2001

	2001	2000
ASSETS		
Current		
Cash	$ 1,682	$ 7,364
Investments	—	5,000
Accrued interest	—	158
Due from Investment Fund	301	—
Total Assets	$ 1,983	$ 12,522
LIABILITIES		
Accounts payable	$ —	$ 1,725
	—	1,725
FUND BALANCE		
Fund Balance - unappropriated	1,983	10,797
Total Liabilities and Fund Balances	$ 1,983	$ 12,522

Investment Fund Balance Sheet
as at March 31, 2001

	2001	2000
ASSETS		
Current		
Short-term investments, at cost (Note 2)	$ 40,699	$ 38,349
Accrued interest	221	486
	40,920	38,835
Long-term investments, at cost (Note 2)	6,772	6,373
Total Assets	$ 47,692	$ 45,208
LIABILITIES		
Due to Operating Fund	$ 301	$ —
FUND BALANCE		
Fund Balance - appropriated	$ 47,391	$ 45,208
Total Liabilities and Fund Balances	$ 47,692	$ 45,208

NOVA SCOTIA TALENT TRUST

Operating Fund
Statement of Revenues, Expenses and Fund Balance
for the Year Ended March 31,2001

	2001	2000
Revenues		
Grant - Province of Nova Scotia	$ 46,500	$ 50,000
Fund raising activities (donations)	1,000	15,173
Interest income	1,287	983
	48,787	66,156
Expenses		
Talent Trust grants	53,000	53,300
Administration expenses (Note 3)	4,601	4,605
	57,601	57,905
(Deficiency) Excess of revenues over expenses	(8,814)	8,251
Fund Balance, beginning of period	10,797	5,746
Transfer to Investment Fund	—	(3,200)
Fund Balance, end of period	$ 1,983	$ 10,797

Investment Fund
Statement of Revenues, Expenses and Fund Balance
for the Year Ended March 31,2001

	2001	2000
Revenues		
Interest earned - investment fund	$ 2,183	$ 2,025
Expenses	—	—
Excess of revenues over expenses	2,183	2,025
Fund Balance, beginning of period	45,208	39,983
Transfer from Operating Fund	—	3,200
Fund Balance, end of period	$ 47,391	$ 45,208

NOVA SCOTIA TALENT TRUST

Notes to Financial Statements
March 31, 2001

1. Authority

The Nova Scotia Talent Trust was established pursuant to a special resolution of the Nova Scotia Companies Act. The purpose of the Trust is to assist in the education and advancement of Nova Scotians in the visual and performing arts.

2. Investments

Investments consist of Royal Bank Guaranteed Investment Certificate and three Royal Bank Mutual Funds - Royal Canadian Money Market, Royfund Balanced Fund and Royal Canadian T-Bill Fund.

3. Administrative Expenses

These financial statements do not reflect administrative expenses incurred by the Provincial Department of Tourism and Culture on behalf of the Trust.

4. Statement of Cash Flow

A Statement of Cash Flow is not provided as disclosure in the balance sheets and statements of revenues, expenses and fund balance is considered adequate.

AUDITOR'S REPORT

To the Members of the Legislative
Assembly of Nova Scotia, and

To the Minister of Finance

I have audited the Statement of Net Assets Available for Benefits and Accrued Pension Benefits of the Nova Scotia Teachers' Pension Fund as at December 31, 2000 and the Statement of Changes of Net Assets Available for Benefits for the period then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits of the Fund as at December 31, 2000 and changes in net assets available for benefits for the period then ended in accordance with Canadian generally accepted accounting principles.

E. R. Salmon, FCA
Auditor General

Halifax, Nova Scotia
June 8, 2001

(Except for notes 4 and 5 which are as of July 24, 2001)

NOVA SCOTIA TEACHERS' PENSION FUND

Statement of Net Assets Available for Benefits and Accrued Pension Benefits as at December 31, 2000

		2000		1999
				(in thousands)
NET ASSETS AVAILABLE FOR BENEFITS				
Assets				
Investments (Note 4)	$	3,575,982	$	3,365,834
Receivable from School Boards (Note 1)		158,903		175,500
Contributions receivable				
Employees'		941		894
Employers'		7,348		3,745
Accrued income		18,963		14,463
Net investment transactions outstanding		—		3,458
Cash		670		2,523
Total Assets		3,762,807		3,566,417
Liabilities				
Net investment transactions outstanding		777		—
Accounts payable		20,183		20,248
Total liabilities		20,960		20,248
Net assets available for benefits		3,741,847		3,546,169
Actuarial asset value adjustment (Note 5)		44,902		56,955
Actuarial value of net assets available for benefits	$	3,786,749	$	3,603,124
ACCRUED PENSION BENEFITS AND DEFICIENCY				
Accrued pension benefits (Note 6)	$	3,998,940	$	3,778,237
Deficiency (Note 6)		(212,191)		(175,113)
Accrued pension benefits and deficiency	$	3,786,749	$	3,603,124

See accompanying notes to financial statements.

NOVA SCOTIA TEACHERS' PENSION FUND

Statement of Changes in Net Assets Available for Benefits
for the Year ended December 31
(with 9 months ended December 31, 1999)

	12 months 2000	9 months 1999
		(in thousands)
Increase in Assets		
Investment activities (Note 4)	$ 263,144	$ 528,011
Interest on receivable from School Boards	13,852	11,321
	276,996	539,332
Contributions		
Employers' - matched	49,083	36,182
Employees' - matched	49,083	36,182
Employers' - unmatched - Province	15,626	10,947
Employees' - unmatched	1,140	665
Transfers from other pension plans	1,639	853
	116,571	84,829
Total increase in assets	393,567	624,161
Decrease in Assets		
Benefits paid	186,917	138,539
Operating expenses (Note 7)	7,868	5,354
Refund of contributions and interest and transfers to other pension plans	3,104	1,938
Total decrease in assets	197,889	145,831
Increase in Net Assets	195,678	478,330
Net Assets Available for Benefits at Beginning of Year	3,546,169	3,067,839
Net Assets Available for Benefits at End of Year	$ 3,741,847	$ 3,546,169

See accompanying notes to financial statements.

NOVA SCOTIA TEACHERS' PENSION FUND

Notes to Financial Statements
December 31, 2000

1. Authority and Description of Plan

The Teachers' Pension Fund (the Fund) was established by the Teachers' Pension Act (the Act). It is the funding vehicle for the Teachers' Pension Plan (the Plan), a pension plan which covers public school and some community college teachers. The detailed provisions of the Plan, including pension eligibility criteria and benefit formulas are also contained in the Act and in the Regulations made under the Act.

Employee and employer contributions and investment earnings are credited to the Fund. Pensions, payments to terminating employees and administration expenses are charged to the Fund. The Minister of Finance is trustee of the Fund which is invested in federal, provincial, municipal and corporate securities which qualify as eligible investments under the Provincial Finance Act.

The Plan is funded by employee and matching employer contributions of 8.3% of salary up to the Year's Maximum Pensionable Earnings (YMPE) per the Canada Pension Plan (CPP) and 9.9 % of salary above the YMPE. The basic pension formula is 2% for each year of pensionable service times the number of years of pensionable service. Pensions are integrated with CPP benefits at age 65. Pensions in pay are increased on January 1 of each year at a rate equal to the increase in the Consumers Price Index for Canada less 1%, to a maximum of 6%.

Plan members are eligible for a pension upon reaching any of the following criteria:

- 35 years of service;
- age 50 with 30 years of service (reduced pension);
- age 55 with an age plus pensionable service factor of 85 - "Rule of 85";
- age 55 with two years of service (reduced pension);
- age 60 with 10 years of service;
- age 65 with two years of service.

On July 22, 1994, the Governor in Council authorized an early retirement program (ERP) for plan members. Each employing school board was required to pay into the Plan an amount in respect of each eligible teacher in the employ of the school board who retired in accordance with these regulations. At December 31, 2000 the balance outstanding was $158,903,000 (December 31, 1999 - $175,500,000) which is repayable over 8 years and bears interest at 8%.

The fiscal year end of the Plan has been changed to coincide with the calendar year effective December 31, 1999. This brings the Fund into conformity with pension industry practice allowing effective comparison of the Funds performance with industry data published by Statistics Canada and professional associations.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements are prepared on a going concern basis and present the aggregate financial position of the Fund as a separate financial reporting entity. They are prepared in accordance with generally accepted accounting principles.

(b) Foreign Currency Translation

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing on the dates of the transactions. The market value of foreign investments and cash balances held at year end are translated at the rates in effect at that date. The resulting gain or loss from changes in these rates is included in unrealized investment income.

(c) Investments

(i) Investments are reported as of the trade date and are stated at market value. Market value is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

(ii) The derivative contracts held by the Fund are recorded at market value with the resulting gains or losses being recognized in unrealized investment income.

(iii) Investments held in the Fund include debentures of the Province of Nova Scotia and the Nova Scotia Municipal Finance Corporation with total market value of $103.5 million (2.8% of Total Assets) as at December 31, 2000.

3. Agreement to Address Unfunded Liability

On November 25, 1993 the Act was amended to incorporate the terms of an agreement signed May 13, 1993 between the Nova Scotia Teachers' Union and the Province of Nova Scotia to address the unfunded liability in the Plan.

As part of this agreement the Province assumed responsibility for $300 million of the unfunded liability. By July 18, 1997 the Province has paid the amount in full.

The Province also agreed to make payments over a ten year period equal to $10 million per year in 1993, increased by 7.5% per year. This commitment is set out in Schedule B of the Teachers' Pension Act.

4. Investments and Derivatives

The investment objectives of the Plan are to provide long-term security of pension benefits to members and to minimize any increases in contributions required by members and the employer. A strategy of investing in assets of Canadian and foreign equities, bonds, debentures, mortgages and money market securities is aimed at achieving these objectives.

(a) Market value of investments and related income before allocating the effects of derivative contracts.

	As at December 31, 2000 Assets	%	12 months Income * (Loss)	As at December 31, 1999 Assets	%	9 months Income * (Loss)
			(in thousands)			
Money market	$ 447,933	12.6%	$ 19,595	$ 343,312	10.2%	$ 13,974
Fixed income.	1,273,050	35.6%	122,969	948,634	28.2%	(13,005)
Equities						
- Cdn	1,005,753	28.1%	153,322	1,229,854	36.5%	282,722
- US	479,309	13.4%	9,851	289,200	8.6%	6,525
- Other foreign ..	379,286	10.6%	(77,971)	524,577	15.6%	188,230
Derivatives ..	(9,349)	(0.3)%	35,348	30,257	0.9%	49,506
Other	—	—	30	—	—	59
	$ 3,575,982	100.0%	$ 263,144	$ 3,365,834	100.0%	$ 528,011

- **Includes realized gains of $452.4 million (gain of $126.7 million - 1999 - 9 months) and unrealized losses of $397.3 million (gains of $302.7 million - 1999 - 9 months).**

(b) Derivative contracts

Derivatives are financial contracts, the value of which is 'derived' from the value of underlying assets or interest or exchange rates. Derivatives provide flexibility in implementing investment strategy. Money market-to-equity swaps have been used during the year to adjust the asset mix. Section (f) of this note provides a summary of these contracts as at December 31, 2000.

The following provides details of the derivative money market-to-equity swap contracts outstanding as at December 31, 2000. Notional amounts of these derivative contracts represent the volume of outstanding transactions and serve as the basis upon which the return from and the market value of the contracts are determined. These contracts are donominated in Canadian dollars and are reset quarterly.

Notional Principal	Original Term	Credit Rating of Counter-party	Equity Index	BA Index	Market Value
		(in thousands)			
$ 19,587	1.0 yrs	AA(low)	S&P/TSE60	CAD-BA-CDO	$ (1,707)
61,504	1.0 yrs	AA(low)	S&P/TSE60	CAD-BA-CDOR	(11,863)
68,406	1.0 yrs	AA(low)	S&P/TSE60	CAD-BA-CDOR	2,716
79,018	1.0 yrs	AA(low)	S&P/TSE60	CAD-BA-CDOR	2,846
$ 228,515					$ (8,008)

The following provides details of the foreign currency swap contract outstanding as at December 31, 2000. the notional amount of the contract represents the volume of the outstanding transaction and serves as the basis upon which the return from and market value of the contract is determined.

	Notional Principal	Credit Rating of Counter-party	BA Index	Market Value
		(in thousands)		
Sell	1,150,000 Japanse (Yen)	AA(low)	CAD-BA-CDO	$ 1,351

(c) Market value of investments and related income after allocating the effect of derivative contracts.

	As at December 31, 2000 Assets	%	12 months Income * (Loss)	As at December 31, 1999 Assets	%	9 months Income * (Loss)
			(in thousands)			
Money market	$ 215,939	6.0%	$ 4,148	$ 124,975	3.7%	$ 6,233
Fixed income.	1,273,050	35.6%	122,969	948,634	28.2%	(13,005)
Equities						
- Cdn	1,228,398	34.4%	204,117	1,478,448	43.9%	339,969
- US	479,309	13.4%	9,851	289,200	8.6%	6,525
- Other foreign . .	379,286	10.6%	(77,971)	524,577	15.6%	188,230
Other	—	—	30	—	—	59
	$ 3,575,982	100.0%	$ 263,144	$ 3,365,834	100.0%	$ 528,011

- Includes realized gains of $452.4 million (gain of $126.7 million - 1999 - 9 months) and unrealized losses of $397.3 million (gains of $302.7 million - 1999 - 9 months).

(d) Interest rate risk

Interest rate risk refers to the fact that the plan's financial position will change as market interest rates change. Interest rate risk is inherent in the nature of the pension plan business due to prolonged timing differences between cash flows related to the Plan's assets and cash flows related to the Plan's liabilities.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets. Pension liabilities are exposed to the long-term expectation of rate of return on the investments as well as expectations of inflation and salary escalation. To meet these liabilities the Plan has established an asset mix policy of approximately 60% equities and 40% fixed income securities. Long-term equity returns have historically shown high correlation with changes in inflation and salary escalation, while fixed income securities are sensitive to changes in nominal interest rates. At December 31, 2000 the $1,273,050,000 fixed income securities had a modified duration of 5.3 years. This means a 1% decrease in nominal interest rates would increase their market value by approximately 5.3%.

(e) Credit risk

Credit risk is the risk of loss in the event the counterparty to a transaction fails to discharge an obligation and causes the other party to incur a loss.

The Plan limits credit risk by purchasing fixed income securities with a credit rating of "BBB" and higher. In addition, the Plan limits derivative contract risk by dealing with counterparties that have a minimum "A" credit rating.

(f) Foreign currency risk

Foreign currency exposure arises from the Plan's holding of foreign currency-denominated equities. From time to time some of this exposure will be hedged based on interest rate spreads or other economic fundamentals.

The Plan's foreign currency exposure as at December 31, 2000 is summarized in the following table.

Currency	December 31, 2000	December 31, 1999
	(in thousands)	
Canada	$ 2,724,987	$ 2,560,069
Eurozone	162,538	141,551
Japan	26,438	159,241
United Kingdom	52,107	42,558
United States	515,870	343,288
Other	113,675	136,113
Total	$ 3,595,615	$ 3,382,820

5. Actuarial Asset Value Adjustment

The actuarial asset value adjustment is comprised of the present value of future payments under Schedule B of the Act. As at December 31, 2000, the present value of these future payments was $44,902,000 (1999: $56,955,000).

6. Actuarial Valuation

Actuarial valuations of the Fund are required every year by the Act, and provide an estimate of the accrued pension benefits (Fund liabilities) calculated using various economic and demographic assumptions, based on membership data as at the valuation date. The Plan's consulting actuaries, William M. Mercer Limited performed a valuation as at December 31, 2000 which indicated that the Plan had an unfunded liability of $212.2 million reported in July 2001.

The actuarial valuation projects liabilities for each member on the basis of service earned to date and the employee's projected five year average salary at the expected date of retirement. The projected unit credit method was adopted for the actuarial valuation to determine the current cost and actuarial liability. The major economic and demographic assumptions used in the valuation were as follows:

	Valuation December 31, 2000	Valuation December 31, 1999
Inflation	3.0% per annum	3.0% per annum
Average Salary Increase (the average salary assumptions used in 2000 is the equivalent to the assumptions used in 1999)	0.5% per annum real plus merit ranging from 0.0% to 2.75% based on 5 year age bands	0.5% per annum real plus merit ranging from approximaately 0.25% to approximately 1.5% based on 10 year age bands
Real Rate of Return on Investments	4.25% per annum	4.25% per annum
Average Retirement Age		
- Retire at earliest age for an unreduced pension	60%	60%
- Retire at age 65 or with 35 years of service	40%	40%
Mortality	1994 Group Annuitant Mortality Table projected to 2000 using scale AA	1983 Group Annuitant Mortality Table (with one-year age setback)

The impact of the change in major actuarial assumptions used for the 2000 valuation as compared to the 1999 valuation:

- The mortality assumption was changed to the 1994 Group Annuitant Mortality Table projected to 2000 using scale AA from the 1983 Group Annuitant Mortality Table with a one year set back. This change had no material impact on the Plan liabilities.

7. Operating Expenses

The Fund is charged with administrative and certain other expenses incurred on behalf of the Fund by the Department of Finance. The following is a summary of these operating expenses.

	12 months ended December 31, 2000	9 months ended December 31, 1999
Investment management fees	$ 6,302	$ 4,439
Professional services	151	60
Salaries	751	467
Supplies and services	520	333
Travel	28	19
Other	116	36
	$ 7,868	$ 5,354

AUDITORS' REPORT

To the Chair and Members of the
Nova Scotia Utility and Review Board

We have audited the balance sheet of the Nova Scotia Utility and Review Board as at March 31, 2001, and the statements of operations, accumulated surplus, capital assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2001, and the results of its operations and the cash flows for the year then ended in accordance with generally accepted accounting principles.

Grant Thornton LLP
Chartered Accountants

Halifax, Nova Scotia
May 18, 2001

NOVA SCOTIA UTILITY AND REVIEW BOARD

Statement of Operations
Year Ended March 31, 2001

	2001	2000
Revenue		
Grant from the Province of Nova Scotia (Note 2)	$ 2,099,000	$ 2,407,825
Assessments to utilities (Note 2)	581,125	684,520
Recoveries (Notes 2 and 10)	1,202,648	777,330
Interest	33,935	46,144
	3,916,708	3,915,819
Expenses		
Salaries, wages and benefits	2,256,077	2,364,472
Consulting and legal fees	824,431	485,521
Rent and business taxes (Note 11)	381,355	439,970
Travel	186,193	165,964
Telecommunications	81,642	42,324
Transcribing and printing	60,757	24,247
Office supplies and services	46,702	23,043
Depreciation	46,490	51,609
Advertising	44,596	17,843
Dues and fees	35,684	32,857
Maintenance	26,840	35,521
Equipment (Note 3)	21,475	27,105
Books and reports	17,023	13,240
Postage and couriers	10,605	9,626
Staff training and development	6,501	5,572
Sundry expenses	4,691	4,557
	4,051,062	3,743,471
Operating (deficit) surplus for the year	$ (134,354)	$ 172,348

See accompanying notes to the financial statements.

NOVA SCOTIA UTILITY AND REVIEW BOARD

Statement of Accumulated Surplus
Year Ended March 31, 2001

	2001		
	Province of Nova Scotia	Public Utilities	Total
Restricted (Note 13)			
Balance, beginning of year	$ —	$ —	$ —
Transferred from general	248,625	103,505	352,130
Balance, end of year	248,625	103,505	352,130
General			
Balance, beginning of year	642,746	289,570	932,316
Operating deficit	(105,222)	(29,132)	(134,354)
Transferred to restricted	(248,625)	(103,505)	(352,130)
Balance, end of year	288,899	156,933	445,832
Total accumulated surplus	$ 537,524	$ 260,438	$ 797,962

	2000		
	Province of Nova Scotia	Public Utilities	Total
Restricted (Note 13)			
Balance, beginning of year	$ —	$ —	$ —
Transferred from general	—	—	—
Balance, end of year	—	—	—
General			
Balance, beginning of year	533,133	226,835	759,968
Operating surplus for year	109,613	62,735	172,348
Transferred to restricted	—	—	—
Balance, end of year	642,746	289,570	932,316
Total accumulated surplus	$ 642,746	$ 289,570	$ 932,316

See accompanying notes to financial statements.

NOVA SCOTIA UTILITY AND REVIEW BOARD

Balance Sheet
March 31, 2001

ASSETS

	2001	2000
Current		
Cash and cash equivalents (Notes 3 and 6)		
Board operations	$ 850,006	$ 128,028
War Service pension	167,756	179,861
Public service award	300,712	275,192
Accounts receivable (Note 4)	379,489	1,181,372
Inventory (Note 5)	3,437	3,954
	1,701,400	1,768,407
Service award advances	10,604	12,374
Capital assets	67,130	100,867
	$ 1,779,134	$ 1,881,648

LIABILITIES

	2001	2000
Current		
Payables and accruals	$ 387,704	$ 369,279
Long term		
War Service pension liability (Note 7)	167,756	179,861
Public service award liability (Note 8)	300,712	275,192
Advances for working capital (Note 9)	125,000	125,000
	593,468	580,053
	981,172	949,332

SURPLUS (Note 2)

	2001	2000
Restricted (Note 13)	352,130	—
General	445,832	932,316
	797,962	932,316
	$ 1,779,134	$ 1,881,648

Commitment (Note 11)

See accompanying notes to the financial statements.

NOVA SCOTIA UTILITY AND REVIEW BOARD

Statement of Capital Assets
Year Ended March 31, 2001

	Cost				Accummulated Depreciation				2001 Net Book Value	2000 Net Book Value
	Opening	Additions	Deletions	Closing	Opening	Expense	Deletions	Closing		
Funiture	$ 151,035	$ —	$ —	$ 151,035	$ 116,150	$ 4,726	$ —	$ 120,876	$ 30,159	$ 34,885
Computer Equipment	144,741	—	—	144,741	115,815	27,495	—	143,310	1,431	28,926
Computer software	4,675	5,727	—	10,402	2,993	2,750	—	5,743	4,659	1,682
Equipment	55,218	7,026	—	62,244	19,844	11,519	—	31,363	30,881	35,374
Total	$ 355,669	$ 12,753	$ —	$ 368,422	$ 254,802	$ 46,490	$ —	$ 301,292	$ 67,130	$ 100,867

See accompanying notes to the financial statements.

NOVA SCOTIA UTILITY AND REVIEW BOARD

Statement of Cash Flows
Year Ended March 31, 2001

	2001	2000
Increase (decrease) in cash and cash equivalents		
Operating		
Operating (deficit) surplus	$ (134,354)	$ 172,348
Depreciation	46,490	51,609
	(87,864)	223,957
Change in non-cash operating working capital (Note 12)	822,595	(1,126,372)
	734,731	(902,415)
Financing		
(Decrease) increase in War Service pension liability	(12,105)	24,458
Increase in Public service award liability	25,520	6,299
	13,415	30,757
Investing		
Purchase of capital assets	(12,753)	(69,312)
Net increase (decrease) in cash and cash equivalents	735,393	(940,970)
Cash and cash equivalents		
Beginning of year	583,081	1,524,051
End of year	$ 1,318,474	$ 583,081

See accompanying notes to the financial statements.

NOVA SCOTIA UTILITY AND REVIEW BOARD

Notes to the Financial Statements
March 31, 2001

1. Incorporation

The Nova Scotia Utility and Review Board was created on December 14, 1992, through the proclamation of the Utility and Review Board Act, Chapter 11 of the Acts of 1992. The Act consolidated the operations of the former Board of Commissioners of Public Utilities, Municipal Board, Expropriations Compensation Board, and Tax Review Board. All assets and liabilities of the former boards were transferred to and assumed by the Nova Scotia Utility and Review Board.

2. Authority

The Nova Scotia Utility and Review Board has those functions, powers and duties conferred upon it through Section 4 of the Utility and Review Board Act. Section 15(1) of the Public Utilities Act requires the Board to estimate its expenses in administering that Act and assess them against the public utilities of the Province. Sections 31 and 41 of the Gas Distribution Act allow the Board to set fees and award costs for activities relating to that Act. Expenses incurred by the Board in administering all other Acts are recovered from the Province of Nova Scotia. Any operating surpluses or deficits are allocated to the Province and the public utilities based on the prorata share of revenue contributed in each year.

3. Summary of significant accounting policies

a) General
These financial statements have been prepared in accordance with generally accepted accounting principles for the public sector.

b) Short term investments
Short term investments are valued at cost plus interest accrued to year end, which approximates market value.

c) Capital assets
Capital assets purchased by the Board with a value greater than $1,000 and a useful life greater than one year are capitalized and amortized over their useful lives on a straight line basis as follows:

Furniture	10 years
Computer equipment	3 years
Computer software	3 years
Equipment	5 years

d) Cash and cash equivalents
Cash and cash equivalents include balances with banks and short term investment. Bank borrowings are considered to be financing activities.

4. Accounts receivable

	2001	2000
Province of Nova Scotia	$ 194,257	$ 52,879
Public Utilities	144,195	1,120,365
Other	41,037	8,128
	$ 379,489	$ 1,181,372

5. Inventory

Inventory consists of Daily Vehicle Trip Inspection books held for resale. Cost is determined using the first-in, first-out method of valuation.

6. Pledged assets

The Board has an operating line of credit of $150,000 of which none has been used at March 31, 2001. As security, the Board has pledged short term investments.

7. Pensions

Public service superannuation fund

Pursuant to Section 10 of the Utility and Review Board Act, all full time employees of the Board are entitled to receive pension benefits under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Board's operating expenses. The Board is not responsible for any unfunded liability.

War Service pension liability

Employees of the Board are entitled to purchase service credits for certain years of war service. Increases in an employee's pension as a result of the purchase of war service credits are the responsibility of the Board and are billed to the Board as pensions are paid. Employee pension contributions are used to defray future obligations for war service credits. The Board of Commissioners of Public Utilities, one of the predecessor boards, transferred its war service liability to the Nova Scotia Utility and Review Board on consolidation. An actuarial review was performed in 2000 which indicated that an additional $38,238 was needed to recognize an increase in the present value of pension benefits. That amount was fully amortized into the fund during that fiscal year.

	2001	2000
The status of the liability account is as follows:		
Employee contributions	$ 44,311	$ 44,311
Accumulated interest	143,879	134,443
Board contributions	178,818	178,818
	367,008	357,572
Less: pension payments to date	199,252	177,711
	$ 167,756	$ 179,861

8. Public service award liability

The Board follows provisions similar to those found in the Civil Service Act with respect to the payment of public service awards to retiring employees. The Board is responsible for the funding and eventual payment of these awards.

9. Advances for working capital

The following advance was transferred to the Nova Scotia Utility and Review Board from the Board of Commissioners of Public Utilities on consolidation:

	2001	2000
Province of Nova Scotia	$ 125,000	$ 125,000

The authority for the advance for working capital from the Province was contained in Section 14 of Chapter 380, RSNS 1989, the Public Utilities Act. The advance is non-interest bearing, with no set terms of repayment.

10. Recoveries

Consultants are engaged by the Board to provide advice related to utility and natural gas administration and operations and to provide expert testimony during hearings. Consulting fees for specific hearings are generally recovered directly from the entities involved.

The Board also recovers certain transcription, copying and other expenses from various sources.

11. Commitments

The Nova Scotia Utility and Review Board has entered into an agreement to lease its premises until October 31, 2009. The annual rent of premises consists of a minimum rent plus the Board's portion of common costs such as maintenance, power, water and property taxes. Minimum rent payable for premises, not including common costs, in aggregate and for each of the next five years is as follows:

2002	$ 202,342
2003	202,342
2004	202,342
2005	205,353
2006	209,569
Subsequently	750,954
	$ 1,772,902

Approximately 1,000 square feet of the Board's premises has been sublet to the Department of Transportation and Public Works for space occupied by the Nova Scotia Police Commission.

12. Supplemental cash flow information

Change in non-cash operating working capital

	2001	2000
Accounts receivable	$ 801,883	$ (1,021,773)
Prepaids	—	4,894
Inventory	517	(1,270)
Service award advances	1,770	47
Payables and accruals	18,425	133,345
Deferred revenue	—	(241,615)
	$ 822,595	$ (1,126,372)

13. Restricted surplus

Certain amounts of surplus have been restricted as necessary for ongoing and future operations of the Board. Details are as follows:

	Province of Nova Scotia	Public Utilities	2001 Total	2000 Total
Working capital...............	$ 101,043	$ 48,957	$ 150,000	$ —
Tangible capital assets........	45,220	21,910	67,130	—
Deferred capital expenditures.	102,362	32,638	135,000	—
	$ 248,625	$ 103,505	$ 352,130	$ —

14. Related party transactions

The Nova Scotia Utility and Review Board is a quasi-judicial tribunal operating at arms length from the Government of the Province of Nova Scotia. A significant amount of the funding for the Board is provided from the Consolidated Fund of the Province through a public service vote.

The Department of Transportation and Public Works for the Province of Nova Scotia sublets approximately 1,000 square feet of the Board's premises on behalf of the Nova Scotia Police Commission. the Board recovers the cost of the sublet space from the Department.

Direct expenses and a portion of salary costs incurred by the Board in relation to its adjudicative duties pursuant to the Liquor Control Act, Gaming Control Act and Theatre and Amusements Act are recovered from the Province through the Alcohol and Gaming Authority of the Department of Environment and Labour.

During fiscal years 2000 and 2001, the Province charged the Board for use of its new trunked mobile radio system. Those charges have been included in telecommunications expense.

The Board purchases certain stationery supplies from the central government stationery stockroom. Purchases are included in office supplies expense.

Transaction with the Province by financial statement category are as follows:

	2001	2000
Statement of Operations:		
Grant from the Province of Nova Scotia............................	$ 2,099,000	$ 2,407,825
Recoveries:		
Premises sublet to Province.......................................	24,570	17,119
Alcohol, gaming and amusement adjudicative costs.............	99,787	—
Telecommunications expense....................................	58,291	9,000
Office supplies expense...	11,285	8,522
Balance sheet:		
Accounts receivable (Note 4).......................................	194,257	52,879
Payables and accruals...	132,567	85,602
Advances for working capital (Note 9)............................	125,000	125,000
Surplus..	537,524	642,748

To minimize cost to government, some administrative support is provided by the Board to other agencies, in particular the Nova Scotia Police Commission and the Freedom of Information and Protection of Privacy Review Office (FOIPOP Review Office). The Board recovers some shared support costs and any direct expenses incurred on behalf of these agencies.

Transactions with the Nova Scotia Police Commission by financial statement category are as follows:

		2001	2000
Balance sheet:			
Accounts receivable	$	609	542

Transactions with the FOIPOP Review Office by financial statement category are as follows:

		2001	2000
Statement of operations:			
Recoveries	$	11,800	10,188
Balance Sheet:			
Accounts receivable		51,204	2,256

15. Comparative figures

Certain of the 2000 comparative figures have been reclassified to conform with the current year financial statement presentation.

Unaudited

NOVACO LIMITED

Balance Sheet
as at March 31, 2001

	2001	2000
Assets		
Current Assets		
Bank	$ 26,458	$ 26,458
Accrued interest	22,828	20,983
Investments		
Term deposit	561,090	537,958
Total Assets	$ 610,376	$ 585,399
Liability & Equity		
Current Liabilities		
Accounts payable	$ 360	$ 288
Long Term Liabilities		
Deferred provincial grant	—	—
Total Liabilities	360	288
Equity		
Capital Stock	5,000	5,000
Earnings		
Beginning retained earnings	582,260	226,295
Current earnings	22,756	353,816
Ending Retained Earnings	605,016	580,111
Total Equity	610,016	585,111
Total Liabilities/Equity	$ 610,376	$ 585,399

Income Statement
for the fiscal year ended March 31, 2001

	2001	2000
Revenue		
Natural Resources, Minerals & Energy Branch	$ —	$ 332,905
Investment income	22,828	20,983
Total revenue	$ 22,828	$ 353,888
Expenses		
Corporate registration	$ 72	$ 72
Total Expenses	$ 72	$ 72
Net Income	$ 22,756	$ 353,816

Unaudited

NOVACO LIMITED

Investment Income
for the year ending March 31, 2001

Purchase Date	Maturity Date	# Days	Interest Rate	Principal	Value March 31, 2001	Interest	Total Interest
May 5, 2000	May 7, 2001	367	4.50%	561,090.40	583,918.32	22,827.92 (1)	22,827.92

(1) accrued interest for 332 days (366 - 34 days - April to May 4/2000)

Unaudited

NOVACO LIMITED

Notes to Financial Statements
March 31, 2001

1. Authority

Novaco Limited was incorporated under the Nova Scotia Companies Act in 1970. The Company provides an advisory role to Government with respect to all current and proposed coal mining operations, and may undertake surface coal mining operations that the Government wishes to undertake on its own behalf in the Province.

2. Accounting Policy

Land acquisition costs

All costs relating to land acquisition are expensed as project development costs in the year in which they are incurred.

3. Deferred Provincial Grant

The company has received $883,900 from the Province of Nova Scotia for the purpose of acquiring surface rights for new coal mining projects.

Details for these grants are as follows:

	2001	2000
Received to date	$ 883,900	$ 883,900
Expenditures to date	883,900	550,995
Repayment of outstanding balance, April 1, 2000	—	332,905
Balance, end of year	$ —	$ —

4. Land Reclamation Costs

The Articles of Association of the company require that a reclamation fund be established, separate from the operating accounts of the company, for the reclamation of lands disturbed by mining operations.

5. Future Operations

Novaco Limited has closed its office in Sydney Mines, Nova Scotia, has disposed of all of its fixed assets and is operating in a nominal manner. At the fiscal year end, the company was not engaged in any near-surface mining or reclamation operations and there were no approved sites for future operations. Novaco Limited's Take or Pay Agreement with Curragh Resources Inc. is no longer in effect due to the cancellation of the purchase and sale of coal contract between the Nova Scotia Power Corporation and Curragh Resources Inc.

AUDITOR'S REPORT

To the Minister of Agriculture and Fisheries; and

To the Chair and Members
of the Provincial Community Pasture Board

I have audited the balance sheet of the Provincial Community Pasture Board as at March 31, 2001 and the statement of income and retained earnings for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Provincial Community Pasture Board as at March 31, 2001 and the results of its operations for the year then ended in accordance with the accounting policies stated in Note 2 to the financial statements.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 10, 2001

PROVINCIAL COMMUNITY PASTURE BOARD

Balance Sheet
as at March 31, 2001

	2001	2000
ASSETS		
Current		
Accounts receivable	$ 6,045	$ 4,708
Livestock - at lower of cost and net realizable value (cost -2001 $26,300; 2000 $30,625) (Note 2)	18,900	20,080
	$ 24,945	$ 24,788
EQUITY		
Retained Earnings	$ 24,945	$ 24,788

Future operations (Note 4)

Statement of Income and Retained Earnings
for the year ended March 31, 2001

	2001	2000
Revenues (Schedule A)	$ 62,717	$ 51,229
Expenses (Schedule A)	73,802	149,313
Net loss on pasture operations	11,085	98,084
Loss (gain) on livestock (Note 3)	(1,030)	2,580
Net loss before government contribution	10,055	100,664
Contribution by the Government of Nova Scotia	10,212	103,834
Net income	157	3,170
Retained earnings, beginning of year	24,788	21,618
Retained earnings, end of year	$ 24,945	$ 24,788

PROVINCIAL COMMUNITY PASTURE BOARD

Notes to Financial Statements
March 31, 2001

1. Authority

The Provincial Community Pasture Board was established pursuant to Section 176(1) of the Agriculture and Marketing Act. The purpose of the Board is to establish, conduct and operate community pastures at such locations as the Board deems advisable.

2. Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles modified by the following policies.

Livestock is comprised of breeding bulls on-hand at the end of the fiscal year. The bulls are valued at the lower of cost and net realizable value. The carrying-cost of bulls sold and any write-down of bulls to net realizable value is charged to expenses.

Further, under Section 183 of the Agriculture and Marketing Act, the administration costs of the Board are expenses of the Department of Agriculture and Fisheries, and are not reflected in these financial statements.

3. Loss (Gain) on Livestock

	2001	2000
Sale of bulls	$ 2,210	$ 4,540
Carrying cost of bulls sold	2,510	4,700
Loss on bulls sold	300	160
Write-down (up) of bulls to net realizable value	(1,330)	2,420
	$ (1,030)	$ 2,580

4. Future Operations

As of March 31, 2001, the Board no longer operates the pastures. Pasture operations will be assumed by other agricultural organizations, namely nonprofit community pasture cooperatives. Livestock and equipment will be sold or transferred to the new Cooperatives and/or other government agencies.

Schedule A

PROVINCIAL COMMUNITY PASTURE BOARD

Pasture Operations
for the year ended March 31, 2001

	Cape Mabou	Cape John	Other	Totals 2001	Totals 2000
Revenues					
Pasture fees	$ 24,493	$ 37,753	$ —	$ 62,246	$ 50,758
Pasture rentals	—	—	471	471	471
	24,493	37,753	471	62,717	51,229
Expenses					
Bad debt expense	—	—	—	—	1,431
Building	—	—	—	—	4,804
Bulls feed and care	979	971	—	1,950	8,808
Electricity	161	1,242	—	1,403	1,257
Equipment maintenance	356	97	—	453	1,637
Equipment purchases	—	—	—	—	2,814
Fencing	—	300	—	300	3,456
Fertilizer and lime	—	—	—	—	21,220
Insurance	798	799	—	1,597	2,022
Miscellaneous	115	—	—	115	115
Operating assistance	—	—	—	—	12,259
Supplies and services	6,056	5,104	67	11,227	33,241
Wages	26,934	29,823	—	56,757	56,249
	35,399	38,336	67	73,802	149,313
Net loss on pasture operations	$ 10,906	$ 583	$ (404)	$ 11,085	$ 98,084

AUDITOR'S REPORT

To the Board of Directors of
Provincial Drug Distribution Program

We have audited the statement of financial position of the Provincial Drug Distribution Program (the "PDDP") as at March 31, 2001, and the statements of fund balances, revenues and expenditures and cash flow for the year then ended. These financial statements are the responsibility of the PDDP's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the PDDP as at March 31, 2001 and the results of its operations and the changes in its cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

Ernst & Young LLP
Chartered Accountants

Halifax, Nova Scotia
May 29, 2001

PROVINCIAL DRUG DISTRIBUTION PROGRAM

Statement of Financial Position
as at March 31, 2001

ASSETS

	Operating Fund	Capital Fund	Total 2001	Total 2000
			(in thousands)	
Current				
Accounts receivable (Note 3)	$ 6,461	$ —	$ 6,461	$ 6,858
Due from Nova Scotia Hospital	3,406	—	3,406	1,405
Inventories	2,853	—	2,853	2,853
	12,720	—	12,720	11,116
Deferred charges (Note 4)	—	39	39	47
Capital Assets	—	56	56	96
Total Assets	$ 12,720	$ 95	$ 12,815	$ 11,259

LIABILITIES

Current				
Bank indebtedness	$ 2,984	$ —	$ 2,984	$ 1,377
Accounts payable and accrued liabilities	2,225	—	2,225	2,474
Deferred other revenue	109	—	109	—
Due to Department of Finance (note 5)	7,341	—	7,341	7,341
	12,659	—	12,659	11,192

FUND BALANCE

Operating fund	61	—	61	67
Net assets	—	95	95	—
Total Liabilities & Fund Balance	$ 12,720	$ 95	$ 12,815	$ 11,259

PROVINCIAL DRUG DISTRIBUTION PROGRAM

Statement of Fund Balances
as at March 31, 2001

	2001	2000
	(in thousands)	
OPERATING FUND		
Balance, beginning of year	$ 67	$ 22
Net revenues over expenditures	61	45
	128	67
Approved equity transfer to capital fund	(67)	---
Balance, end of year	$ 61	$ 67
INVESTMENT IN CAPITAL ASSETS		
Capital funding, beginning of year	$ ---	$ ---
Approved equity transfer to capital fund	67	---
Capital funding from the Department of Health	28	---
	95	---
Balance, end of year	$ 95	$ ---

Statement of Revenues and Expenditures
year ended March 31, 2001

	Total 2001	Total 2000
	(in thousands)	
Operating		
Revenues (Schedule A)	$ 47,022	$ 43,561
Expenditures (Schedule B)	46,939	43,516
	83	45
Net capital amortization	(22)	---
Results from operating activities	61	45
Net revenues over expenditures	$ 61	$ 45

PROVINCIAL DRUG DISTRIBUTION PROGRAM

Statement of Cash Flow
year ended March 31,2001

	2001	2000
	(in thousands)	
Operating Activities		
Net revenues over expenditures	$ 61	$ 45
Items not requiring cash		
Amortization of captal funding	22	—
Changes in non-cash working-capital items	(1,736)	601
Cash (used in) provided by operating activities	(1,653)	646
Financing Activities		
Capital funding from Department of Health	28	—
	28	—
Investing Activities		
Disposal (purchase) of capital assets	18	(143)
Cash used in investing activities	18	(143)
Net cash (outflow) inflow during the year	(1,607)	503
Bank indebtedness, beginning of year	(1,377)	(1,880)
Bank indebtedness, end of year	$ (2,984)	$ (1,377)

See accompanying notes

PROVINCIAL DRUG DISTRIBUTION PROGRAM

Notes to Financial Statements
March 31, 2001

1. Nature of Organization

The Provincial Drug Distribution Program (PDDP) is the responsibility of the Minister of Health and a board of managers. Effective April 1, 1998, the Regional Health Boards (RHBs) and non-designated organizations (NDOs) agreed to purchase all of their drug requirements through the PDDP. Sales are made to hospitals at cost and to nursing homes at cost plus a mark up of 12%. The Nova Scotia Hospital administers the program.

2. Significant Accounting Policies

The PDDP follows the deferral methold of accounting for contributions. These financial statements have been prepared in accordance with generally accepted accounting principles and include the following specific accounting policies.

Operating Costs:
These financial statements do not include certain expenses which are absorbed by the Nova Scotia Hospital.

Capital Assets
Capital assets are valued at cost and are amortized on a straight-line basis over the useful life of each asset.

Inventory
Inventory is valued at the lower of cost and replacement cost, with cost determined on a first-in first-out basis.

3. Accounts Receivable

	2001	2000
	(in thousands)	
Customer receivables	$ 6,338	$ 6,562
Out dated drugs receivable	123	296
	$ 6,461	$ 6,858

4. Deferred Charges

The Department of Health entered into an agreement dated January 1, 2000 with a national buying group. As a result, the PDDP will be entitled to receive all negotiated vendor contract prices for pharmaceutical supplies. The PDDP paid a one-time non-refundable joining fee. This investment is recorded at cost and will be amortized to $1 over a five year period beginning in 2000-2001.

5. Due to Department of Finance

In prior years, the Province of Nova Scotia processed and recorded the receipts and disbursements of the Nova Scotia Hospital and PDDP. The cumulative difference between receipts and disbursements was recognized as a liability to the Province at year end. As of April 1, 1997 the Hospital began to process and record receipts and disbursements. Repayment terms for this liability are not specified.

6. Comparative Figures

Certain of the March 31, 2000 comparative figures have been reclassified to conform with the presentation adopted in the current year.

PROVINCIAL DRUG DISTRIBUTION PROGRAM

Schedule A

Schedule of Revenues
Year ended March 31, 2001

	2001	2000
	(in thousands)	
Drug Sales	$ 46,491	$ 43,073
Department of Health	352	379
Other	179	109
Revenues	$ 47,022	$ 43,561

Schedule B

Schedule of Expenditures
Year ended March 31, 2001

	2001	2000
	(in thousands)	
Drugs	$ 46,162	$ 42,718
Compensation	516	560
Fees	156	188
Plant maintenance supplies	63	16
Other	40	31
Amortization	22	---
Travel	2	3
	46,961	43,516
Less: Amortization	22	---
Expenditures	$ 46,939	$ 43,516

Schedule C

Schedule of Changes in Capital
Year ended March 31, 2001

	2001	2000
	(in thousands)	
Capital Funding		
Appoved equity transfer to capital fund	$ 67	$ ---
Capital funding from Department of Health	28	---
	95	---
Capital Expenditures		
2000 Capital Equipment	---	96
2000 Capital Investment	---	47
	---	143
Capital Deficit Funding from Department of Health	$ 95	$ ---

Unaudited

PROVINCIAL RESORT HOTELS

Statement of User Fees and Expense for the year ended March 31, 2001

	Pines Resort	Keltic Lodge	Liscombe Lodge	Totals	
				2001	2000
User Fees					
Rooms	$ 2,130,486	$ 1,952,961	$ 813,840	$ 4,897,287	$ 4,500,814
Food	1,393,239	1,705,179	723,400	3,821,818	3,738,463
Beverage	289,354	364,900	100,308	754,562	706,205
Other	736,017	474,054	209,335	1,419,406	1,364,912
	4,549,096	4,497,094	1,846,883	10,893,073	10,310,394
Expense					
Salaries & Wages	2,050,778	1,865,266	929,748	4,845,792	4,555,578
Travel	15,616	14,363	5,421	35,400	47,281
Supplies & Services	1,886,279	1,652,898	661,819	4,200,996	4,131,832
Other	31,231	136,455	30,610	198,296	667,963
	3,983,904	3,668,982	1,627,598	9,280,484	9,402,654
Operating Profit (Loss)	565,192	828,112	219,285	1,612,589	907,740
Property Improvements	600,055	622,181	151,019	1,373,255	1,049,737
Recoveries	---	---	---	---	297,000
Profit (Loss)	$ (34,863)	$ 205,931	$ 68,266	$ 239,334	$ 155,003

Unaudited

PROVINCIAL RESORT HOTELS

Notes to Financial Statements

March 31, 2001

Note: This financial statement reflects user fees and current expenditures of the Provincial Resorts budgeted under the Department of Tourism and Culture. Recoveries represent expenditures transferred to the Economic Diversification Agreement.

The following costs are not included in this statement as they are expenses recorded by the Department of Transportation and Public Works:

	2001	2000
Capital expenditures for construction, renovations and facility upgrading	$ ---	$ 518,050
Golf course maintenance - Pines Resort *	---	395,112
Resort maintenance and non-capital improvements	411,859	74,309
	$ 411,859	$ 987,471

*During the year, responsibility for the golf course maintenance reverted back to the Department of Tourism and Culture.

Review Engagement Report

To the Board of Trustees of
The Public Archives of Nova Scotia-Archival Ancillary and Trust Funds

We have reviewed the balance sheet of The Public Archives of Nova Scotia-Archival Ancillary and Trust Funds (Archives) as at March 31, 2001 and the statements of changes in net assets and revenue and expenditures for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Archives.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

PRICE,WATERHOUSE,COOPERS LLP
Chartered Accountants

Unaudited

PUBLIC ARCHIVES OF NOVA SCOTIA - ARCHIVAL ANCILLARY AND TRUST FUNDS

Balance Sheet
As at March 31, 2001

	Endowment Fund, Collections	Archival Ancillary Fund	2001 Total	2000 Total
ASSETS				
Current assets				
Cash	$ 10,000	$ 91,434	$ 101,434	$ 68,747
Marketable securities	33,041	61,451	94,492	79,975
Amount held in trust by Province of Nova Scotia	61,022	—	61,022	68,630
	104,063	152,885	256,948	217,352
Capital assets (note 3)	—	30,981	30,981	34,217
	$ 104,063	$ 183,866	$ 287,929	$ 251,569
LIABILITIES				
Current liabilities				
Amounts payable and accrued liabilities	$ —	$ 3,000	$ 3,000	$ 2,062
Deferred revenue	—	48,727	48,727	23,984
	—	51,727	51,727	26,046
Net assets				
Endowments	66,100	—	66,100	66,100
Earnings on endowments	37,963	—	37,963	33,331
Invested in capital assets		30,981	30,981	34,217
Unrestricted		101,158	101,158	91,875
	104,063	132,139	236,202	225,523
	$ 104,063	$ 183,866	$ 287,929	$ 251,569

Statement of Changes in Net Assets
For the Year ended March 31, 2001

	Endowment Fund, Collections	Archival Ancillary Fund	2001 Total	2000 Total
Net assets - Beginning of year	$ 99,431	$ 126,092	$ 225,523	$ 145,629
Excess of revenue over expenditures for the year	4,632	6,047	10,679	79,894
Net assets - End of Year	$ 104,063	$ 132,139	$ 236,202	$ 225,523

Unaudited

PUBLIC ARCHIVES OF NOVA SCOTIA - ARCHIVAL ANCILLARY AND TRUST FUNDS

Statement of Revenue and Expenditures for the Year Ended March 31, 2001

	Endowment Fund, Collections	Archival Ancillary Fund	2001 Total	2000 Total
Revenue				
Transitional Provincial Contribution	$ —	$ —	$ —	$ 102,000
Reprographic and other recoveries	—	50,105	50,105	67,282
Funding for special collections maintenance	—	95,382	95,382	12,667
Sale of equipment	—	—	—	10,602
Interest	4,632	7,411	12,043	10,469
	4,632	152,898	157,530	203,020
Expenditures				
Amortization	—	4,536	4,536	4,406
Building operating expenses				
Electricity	—	—	—	16,479
Heating fuel	—	—	—	351
Maintenance	—	—	—	38,048
Security	—	—	—	1,252
Telecommunications	—	—	—	3,203
Water	—	—	—	1,243
Conferences and seminars	—	3,047	3,047	360
Equipment repair and maintenance	—	1,882	1,882	594
Freight and express	—	748	748	700
General operating	—	7,814	7,814	6,896
Membership dues	—	230	230	65
Miscellaneous	—	4,614	4,614	3,770
Other services	—	5,253	5,253	15,685
Postage	—	—	—	796
Printing and stationery	—	730	730	2,158
Professional services	—	17,083	17,083	9,053
Special collections maintenance	—	95,382	95,382	12,667
Staff training	—	2,005	2,005	3,365
Subscriptions and periodicals	—	—	—	145
Travel	—	3,527	3,527	1,890
	$ —	146,851	146,851	123,126
Excess of revenue over expenditures for the year	$ 4,632	$ 6,047	$ 10,679	$ 79,894

PUBLIC ARCHIVES OF NOVA SCOTIA -
ARCHIVAL ANCILLARY AND TRUST FUNDS

Notes to Financial Statements
March 31, 2001

1. Status and nature of activities

As of April 1, 1999, the functions of the Provincial Archives of Nova Scotia were transferred to the control of the Province of Nova Scotia (Province). Management of the Archives retains control over ancillary revenues and expenditures and over the three trust funds that were previously endowed to the Archives. These funds are the Blakely, Fergusson, and Shand trust funds.

The Archives is primarily responsible for acquiring and preserving the corporate memory of government and documentary heritage of the Province. The Archives is both a deposit library for publications of the Government of Nova Scotia and a historical research facility.

2. Significant accounting policies

The accounting policies of the Archives for the Archival Ancillary and Trust funds are established and maintained in accordance with generally accepted accounting principles. Outlined below are those policies considered particularly significant.

Management estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets, liabilities, and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and movements of funds during the year. Actual results could differ from these estimates.

Fund accounting

The Archives uses fund accounting to prepare its financial statements. Fund balances include balances invested in endowments, capital assets and unrestricted balances.

The Archival Ancillary Fund accounts for reprographic and other revenue, recoveries, interest on trust funds and other special items and capital assets.

The Endowment Fund, Collections accounts for endowment contributions, assets, liabilities, revenues and expenditures related to the acquisition of collections.

Financial instruments

Financial instruments are stated at cost, or at cost less amounts written off to reflect a permanent decline in value, and where there is a fixed rate of return, accrued interest is included in book value. The fair value of these financial instruments approximates their carrying values, due to the short-term and/or the fixed nature of these instruments.

Revenue recognition

The Archives follows the restricted fund method of accounting for contributions, which include designated contributions from the public, bequests and Government support.

Unrestricted contributions are recognized as revenue when received or receivable to the extent that amounts to be received can be reasonably estimated and collection is reasonably assured.

Restricted and endowment contributions are recognized as revenue, in the related fund, when received or receivable to the extent that amounts to be received can be reasonable estimated and collection is reasonably assured.

Contributions received for projects not completed at year-end are shown as deferred revenue to the extent that contributions exceed expenditures to-date on these projects.

Capital assets

Purchased capital assets are recorded at cost. When a capital asset no longer contributes to the Archives' ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized using the following methods at the following rates:

Computer software	straight-line 10 years
Microfilm Equipment	straight-line 5 years
Other office equipment	straight-line 10 years

3. Capital assets

	2001			2000
	Cost	Accumulated mortization	Net	Net
Computer software	$ 17,262	$ 3,452	$ 13,810	$ 15,536
Microfilm Equipment	21,361	5,360	16,001	18,681
Other office equipment	1,300	130	1,170	—
	$ 39,923	$ 8,942	$ 30,981	$ 34,217

AUDITOR'S REPORT

To the Minister of Justice; and
To the Public Trustee

I have audited the balance sheet of the Public Trustee Trust Funds as at March 31, 2001 and the statement of continuity of assets for the year then ended. These financial statements are the responsibility of the Public Trustee. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many trust funds, it is not possible to verify by audit procedure that all the assets of any given trust actually came under the administration of the Public Trustee. Accordingly, my verification of trust assets was limited to those recorded in the records.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to verify the completeness of assets of the trust funds, these financial statements present fairly, in all material respects, the financial position of the Public Trustee Trust Funds as at March 31, 2001 and the continuity of assets for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
June 1, 2001

PUBLIC TRUSTEE TRUST FUNDS

Balance Sheet
as at March 31, 2001

	2001	2000
ASSETS		
Estates and Trusts		
Cash	$ 1,079,254	$ 191,941
Securities, real estate and other assets (Note 3)	17,288,339	16,765,882
Common Fund securities (Note 4)	1,249,794	1,304,794
	19,617,387	18,262,617
Special Reserve Fund (Note 5)		
Cash and securities	1,292,263	1,192,613
	$ 20,909,650	$ 19,455,230
LIABILITIES		
Estates and Trusts		
Estates and trusts balances	$ 19,617,387	$ 18,262,617
Special Reserve Fund (Note 5)		
Restricted funds	1,223,171	1,136,042
Funds transferable to Province of Nova Scotia	69,092	56,571
	1,292,263	1,192,613
	$ 20,909,650	$ 19,455,230

PUBLIC TRUSTEE TRUST FUNDS

Statement of Continuity of Assets
For The Year Ended March 31, 2001

	Estates and Trusts	Special Reserve Fund	Fees Earned	2001 Total	2000 Total
Balance, beginning of year	$ 18,262,617	$ 1,192,613	$ —	$ 19,455,230	$ 19,017,843
Add:					
Assets acquired during the year	12,737,683	—	—	12,737,683	8,949,456
Income earned	789,182	—	—	789,182	718,090
Fees earned	—	—	462,175	462,175	436,820
Interest earned on Special Reserve Fund investments	—	69,092	—	69,092	56,571
Excess interest transferred from Common Fund	—	87,129	—	87,129	79,505
	13,526,865	156,221	462,175	14,145,261	10,240,442
Less:					
Distributions of estates and trusts	11,851,306	—	—	11,851,306	9,135,084
Transfers to the Province Fees	—	—	462,175	462,175	436,820
Undistributable estates and trusts (per Section 28)	320,789	—	—	320,789	173,115
Investment income earned on Special Reserve Fund	—	56,571	—	56,571	58,036
	12,172,095	56,571	462,175	12,690,841	9,803,055
Balance, end of year	$ 19,617,387	$ 1,292,263	$ —	$ 20,909,650	$ 19,455,230

PUBLIC TRUSTEE TRUST FUNDS

Notes to Financial Statements
March 31, 2001

1. Authority

The Office of the Public Trustee was established pursuant to the Public Trustee Act. The Public Trustee is empowered to perform the duties of a guardian, custodian, trustee, and executor or administrator of an estate. All investments by the Public Trustee are to be made in accordance with the Trustee Act.

2. Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, modified by the following policies.

a) The Office of the Public Trustee uses a cash basis of accounting. These financial statements do not include accrued interest and other receivables, as well as accrued fees and other payables.

b) The market value of stocks and bonds at year end is not disclosed in the financial statements.

3. Securities, Real Estate and Other Assets

Securities consist of deposit certificates, bonds, debentures and stocks. Securities purchased by the Public Trustee are valued at cost. Securities taken over by the Public Trustee are valued at market value as at the date of death for estates of deceased persons or as at the date that control is assumed for all other estates.

The Public Trustee is responsible for administering certain other assets such as real estate, personal effects and chattels. Real estate is valued at estimated market value based on annual assessments for municipal tax purposes. Personal effects and chattels are valued at estimated market value as at the date control is assumed. If market value is not readily ascertainable, they are each recorded at a nominal value of $1.

4. Common Fund Securities

Section 30 of the Public Trustee Act permits the Public Trustee to invest monies, not subject to any express trust or direction for investment thereof, in a Common Fund. Investments of the Common Fund are valued at cost.

5. Special Reserve Fund

Section 32 of the Public Trustee Act provides for the establishment of a Special Reserve Fund. The purposes of the Fund are to provide for any deficiencies between income earned on investments of the Common Fund and interest required to be paid to estates comprising the Common Fund; and also to provide for any deficiency between the aggregate amount of sums invested and the realized value of investments of the Common Fund.

The Fund consists of investment income earned on Common Fund securities in excess of interest paid to Common Fund estates. Income earned on securities held in the Special Reserve Fund also forms part of the Fund.

Income earned on securities held in the Special Reserve Fund is eligible for transfer to the Province. The remainder of the Fund is restricted to the purposes described above.

6. Operating Costs

Operating costs of the Office fo the Public Trustee are absorbed by various government departments and are not reflected in the statement of continuity of assets. These costs are offset by fees charged for administering estates and by investment income.

	2001	2000
Department of Justice		
- Salaries and benefits	$ 590,536	$ 619,457
- Other operating costs	39,300	36,751
Department of Transportation and Public Works		
- Rent	35,765	32,340
	665,601	688,548
Less transfers to Province		
- Fees	462,175	436,820
- Special Reserve Fund income	56,571	58,036
	518,746	494,856
Net cost to the Province	$ 146,855	$ 193,692

AUDITORS' REPORT

To the Board of Directors of
Resource Recovery Fund Board Inc.

We have audited the statement of financial position of Resource Recovery Fund Board Inc. as at March 31, 2001 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2001 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with generally accepted accounting principles.

GRANT THORTON
Chartered Accountants

Truro, Nova Scotia
May 9, 2001

RESOURCE RECOVERY FUND BOARD INC.

Statement of Operations
Year ended March 31, 2001

	2001	2000
Revenues		
Deposits		
Gross revenues from deposits	$ 26,068,255	$ 27,220,278
Less Harmonized sales tax	(3,397,546)	(3,613,080)
	22,670,709	23,607,198
Sales of recyclable materials	3,790,780	3,181,876
Stewardship	802	8,139
Tire program	2,781,057	2,947,357
Total revenues	29,243,348	29,744,570
Cost of sales		
Inventory, beginning of year	101,116	104,603
Deposit refunds	9,822,750	9,639,581
Enviro-Depot handling fees	5,923,382	5,805,185
Local cartage	911,893	898,637
Regional processing	754,705	936,533
Freight-in	79,971	65,752
Central processing expenses (Page 490)	408,245	405,552
Non-deposit materials	25,611	44,189
Used tires	1,725,393	1,812,806
Derelict vehicle program	17,310	—
Paint/Household Hazardous Waste program	165,523	151,000
	19,935,899	19,863,838
Less inventory, end of year	74,724	101,116
	19,861,175	19,762,722
Gross margin	9,382,173	9,981,848
Administrative expenses (Page 490)	1,248,688	1,147,233
Operating income	8,133,485	8,834,615
(Decrease) increase in equity interest of an affiliated company (Note 3)	(43,786)	71,164
Interest and other income	595,042	447,113
Excess of revenues over expenses	$ 8,684,741	$ 9,352,892

See accompanying notes to the financial statements.

RESOURCE RECOVERY FUND BOARD INC.

Statement of Financial Position
year ended March 31, 2001

	2001	2000
ASSETS		
Current		
Cash and cash equivalents	$ 12,149,093	$ 11,706,143
Receivables	2,486,693	2,474,947
Accrued interest receivable	47,839	107,234
Inventory	74,724	101,116
Prepaids	2,922	—
	14,761,271	14,389,440
Investment at cost	7,000	304,186
Equipment (Note 4)	667,174	725,094
Organizational costs, net of accumulated amortization	47,990	172,044
	$ 15,483,435	$ 15,590,764
LIABILITIES		
Current		
Payables and accruals	$ 2,830,077	$ 2,294,235
Municipal solid waste diversion credits payable	5,071,031	4,650,389
Unearned revenue	3,155,100	3,175,500
	11,056,208	10,120,124
NET ASSETS (Page 486)		
Invested in capital assets	715,164	897,138
Invested in value added manufacturing	7,000	304,186
Restricted for future projects	1,109,507	856,107
Restricted for approved programs	2,595,556	3,413,209
	4,427,227	5,470,640
	$ 15,483,435	$ 15,590,764

Commitments (Note 6)

See accompanying notes to the financial statements.

RESOURCE RECOVERY FUND BOARD INC.

Statement of Changes in Net Assets
Year Ended March 31, 2001

Net Assets	Invested in Capital Assets	Invested in Value-added Manufacturing	Restricted for Future Projects	Restricted for Approved Programs	Net Revenues	Total 2001	Total 2000
Balance, beginning of year	$ 897,138	$ 304,186	$ 856,107	$ 3,413,209	$ —	$ 5,470,640	$ 3,947,772
Excess of revenues over expenses	(375,688)	(43,786)	—	—	9,104,215	8,684,741	9,352,892
Investment in capital assets	193,714	—	—	—	(193,714)	—	—
	715,164	260,400	856,107	3,413,209	8,910,501	14,155,381	13,300,664
Internally imposed restrictions	—	—	—	4,455,251	(4,455,251)	—	—
Investment in value-added manufacturing	—	(253,400)	253,400	—	—	—	—
Payments during the year							
Education and awareness	—	—	—	(1,097,925)	—	(1,097,925)	(1,062,889)
Regional co-ordinators	—	—	—	(226,770)	—	(226,770)	(210,000)
Approved programs	—	—	—	(3.413.209)	615,781	(2,797,428)	(1,907,051)
Nova Scotia Department of Environment & Labour	—	—	—	(535,000)	—	(535,000)	—
Allocation to Municipal solid waste diversion payable	—	—	—	—	(5,071,031)	(5,071,031)	(4,650,084)
Balance, end of year	$ 715,164	$ 7,000	$ 1,109,507	$ 2,595,556	$ —	$ 4,427,227	$ 5,470,640

See accompanying notes to the financial statements

RESOURCE RECOVERY FUND BOARD INC.

Statement of Cash Flows
year ended March 31, 2001

	2001	2000
Increase (decrease)in cash and cash equivalents:		
Operating		
Excess of revenues over expenses	$ 8,684,741	$ 9,352,892
Decrease (increase) in equity interest of an affiliated company	43,786	(71,164)
Depreciation and amortization	372,801	332,706
Loss on sale of equipment	2,887	6,636
	9,104,215	9,621,070
Change in non-cash operating working capital		
Receivables	47,649	(66,188)
Inventory	26,392	3,487
Prepaids	(2,922)	2,033
Payables and accruals	956,484	789,884
Unearned revenue	(20,400)	480,000
	10,111,418	10,830,286
Investing		
Proceeds on sale of property and equipment	—	1,750
Purchase of		
Equipment	(187,050)	(322,652)
Organizational costs	(6,664)	—
Investment - value added manufacturing	253,400	21,000
	59,686	(299,902)
Allocation of net assets to:		
Municipal solid waste diversion	(5,071,031)	(4,650,084)
Approved programs	(4,657,123)	(3,179,940)
	(9,728,154)	(7,830,024)
Net increase in cash and cash equivalents	442,950	2,700,360
Cash and cash equivalents,beginning of year	11,706,143	9,005,783
Cash and cash equivalents, end of year	$ 12,149,093	$ 11,706,143

See accompanying notes to the financial statements.

RESOURCE RECOVERY FUND BOARD INC.

Notes to the Financial Statements
March 31, 2001

1. Nature of operations

The Resource Recovery Fund Board Inc. is a not-for-profit company established by the Nova Scotia government to manage a substantial portion of the Province's Solid Waste-Resource Management Regulations.

2. Summary of signification accounting policies

Depreciation

Rates and bases of depreciation applied to write-off the cost of property and equipment over their estimated lives are as follows:

Field equipment	20%	straight-line
Office and warehouse equipment	20%	straight-line
Computer hardware and software	33 1/3%	straight-line
Containers	33 1/3%	straight-line
Vehicles	33 1/3%	straight-line

Inventory

Inventory is valued at the lower of cost and net realizable value.

Unearned revenue

Unearned revenue represents deposits received from distributors for beverage containers that have not been returned for redemption. Unearned revenue consists of deposits received in the last sixty (60) days adjusted by the current year return rate.

Organizational costs

Organizational costs for new programs are amortized on a straight line basis over five years.

Income taxes

The company is exempt from income taxes under Section 149(l)(d) of the Canadian Income Tax Act.

Revenue recognition

Resource Recovery Fund Board Inc. follows the deferral method of accounting for revenue.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term investments with maturity dates of 90 days or less. Bank borrowings are considered to be financing activities.

Financial instruments

Financial instruments include cash and cash equivalents, accounts receivable, accrued interest receivable, investment in an affiliated company, payables and accruals, and municipal solid waste diversion credits payable. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair market value of these financial instruments approximate their carrying values.

3. (Decrease) increase in equity interest of an affiliated company

In accordance with the terms of the Shareholders' Agreement of Novapet Inc., the preference shares were redeemed and certain common shares were purchased from the Board at their original costs of $253,400. This has resulted in a decrease in the Board's equity position to 5% and a reduction of accumulated equity earnings of $43,786.

4. Equipment

	Cost	Accumulated Depreciation	2001 Net Book Value	2000 Net Book Value
Field Equipment	$ 174,908	$ 114,396	$ 60,512	$ 89,912
Office and warehouse equipment	96,016	74,422	21,594	37,874
Leasehold Improvements	9,960	2,668	7,292	8,716
Containers	890,515	403,568	486,947	435,692
Computer hardware and software	406,179	320,892	85,287	122,744
Vehicles	73,842	68,300	5,542	30,156
	$ 1,651,420	$ 984,246	$ 667,174	$ 725,094

5. Bank indebtedness

The company has an operating line of credit of $2,500,000 all of which is unused at March 31, 2001.

6. Commitments

The company has entered into agreements to lease office space and a warehouse. Minimum rent payable for the next five years on these leases are as follows:

2002	$ 99,088
2003	$ 99,088
2004	$ 99,088
2005	$ 99,088
2006	$ 96,164

RESOURCE RECOVERY FUND BOARD INC.

Schedule of Central Processing Expenses
Year Ended March 31

	2001	2000
Building expenses	$ 42,621	$ 49,239
Depreciation and amoritzation	126,123	95,210
Equipment lease or rent	—	6,965
Insurance	788	725
Meetings and travel	9,137	11,735
Postage and delivery	6,924	9,072
Propane - forklift	1,934	2,573
Repairs and maintenance - bulk bags	42,085	56,904
Repairs and maintenance - equipment	7,207	7,093
Salaries and benefits	119,943	114,380
Shipping supplies	37,324	38,902
Telecommunications	9,841	12,419
Vehicle expense	4,308	335
	$ 408,235	$ 405,552

Schedule of Administrative Expenses
Year Ended March 31

	2001	2000
Bad debt expense	$ 10,417	$ 8,452
Bank charges	6,001	5,759
Board fees and expenses	56,814	50,572
Building expenses	70,169	72,216
Depreciation and amortization	191,880	182,708
Dues and fees	4,740	8,179
Equipment lease or rent	4,865	4,814
Meetings and travel	46,992	61,499
Office expense	6,596	6,744
Postage and delivery	9,852	14,485
Printing and stationery	6,298	7,000
Professional fees	116,049	86,926
Public relations	68,174	86,173
Salaries and benefits	481,536	479,208
Software development and support	127,912	32,439
Telecommunications	26,997	33,153
Training	9,617	4,673
Vehicle expense	3,779	2,233
	$ 1,248,688	$ 1,147,233

AUDITORS' REPORT

To the Members of the
Sherbrooke Restoration Commission

We have audited the balance sheet of Sherbrooke Restoration Commission as at March 31, 2001 and the statements of operations, fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with the accounting principles adopted for museum boards in the Province of Nova Scotia.

DELOITTE & TOUCHE LLP
Chartered Accountants

June 1, 2001

SHERBROOKE RESTORATION COMMISSION

Balance Sheet
as at March 31, 2001

	2001	2000
ASSETS		
Current		
Cash (Note 2)	$ 33,022	$ 86,008
Guaranteed Investment Certificate (Note 3)	96,644	25,000
Accounts receivable	40,311	34,542
Inventory (Note 2)	125,390	103,754
Prepaid expense	11,282	2,320
	306,649	251,624
Capital assets, at cost (Note 2)		
Property, buildings and furnishings	4,268,852	4,189,808
	$ 4,575,501	$ 4,441,432
LIABILITIES AND EQUITY		
Current		
Accounts payable	$ 45,278	$ 39,351
Equity		
Investment in capital assets	4,268,852	4,189,808
Reserve for development (Note 3)	96,644	25,000
Operating fund surplus	164,727	187,273
	4,530,223	4,402,081
	$ 4,575,501	$ 4,441,432

Statement of Operations
Year Ended March 31, 2001

	2001 Budget	2001 Actual	2000 Actual
Revenue			
Operating grants			
Board of Governors of the Nova Scotia Museum	$ 970,430	$ 970,430	$ 970,404
Capital grants			
Department of Transportation and Public Works (Note 4)	—	—	84,907
Program revenue (Schedule 2)	294,100	394,247	349,338
Other			
Gate admissions	145,000	137,715	152,296
Interest	6,000	19,581	14,179
Miscellaneous	7,050	18,072	7,650
	158,050	175,368	174,125
Total revenue	1,422,580	1,540,045	1,578,774
Expenditures			
General operating (Schedule 1)	574,340	548,024	548,275
Program (Schedule 2)	830,010	868,099	894,232
Capital	5,000	74,824	73,295
Total expenditures	1,409,350	1,490,947	1,515,802
Net revenue	$ 13,230	$ 49,098	$ 62,972

SHERBROOKE RESTORATION COMMISSION

Statement of Fund Balances
Year Ended March 31, 2001

	2001	2000
INVESTMENT IN CAPITAL ASSETS		
Balance, beginning of year	$ 4,189,808	$ 4,105,198
Additions		
Furnishings and equipment	4,220	11,315
Renovations - Department of Transportation and Public Works	—	73,295
Renovations funded out of operations	74,824	—
	79,044	84,610
Balance, end of year	$ 4,268,852	$ 4,189,808
OPERATING FUND SURPLUS		
Balance, beginning of year	$ 187,273	$ 149,301
Net revenue	49,098	62,972
	236,371	212,273
Transfer to reserve for development (Note 3)	71,644	25,000
Balance, end of year	$ 164,727	$ 187,273
RESERVE FOR DEVELOPMENT (Note 3)		
Balance, beginning of year	$ 25,000	$ —
Transfer from operating fund surplus	71,644	25,000
Balance, end of year	$ 96,644	$ 25,000

Statement of Cash Flows
Year Ended March 31, 2001

	2001	2000
Net inflow (outflow) of cash related to the following activities:		
Operating		
Net revenue	$ 49,098	$ 62,972
Add capital expenditures charged to operations	79,044	84,610
	128,142	147,582
Changes in non-cash operating capital items (Note 6)	(30,440)	(14,380)
	97,702	133,202
Investing		
Additions to property, buildings and furnishings	(79,044)	(84,610)
Investment in guaranteed investment certificate	(71,644)	(25,000)
	(150,688)	(109,610)
Net cash inflow (outflow)	(52,986)	23,592
Cash position , beginning of year	86,008	62,416
Cash position , end of year	$ 33,022	$ 86,008
Represented by:		
Cash	$ 33,022	$ 86,008

SHERBROOKE RESTORATION COMMISSION

Notes to the Financial Statements
Year Ended March 31, 2001

1. DESCRIPTION OF OPERATIONS

The Commission operates the Sherbrooke Village Restoration Project. It is accountable to the Board of Governors of the Nova Scotia Museum for all disbursements made out of monies received by the Commission.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting policies considered appropriate for the museums of Nova Scotia. The more significant of these accounting policies are summarized below:

a) Fund Accounting

The assets and liabilities of the Commission are segregated into two funds - Operating and Investment in Property, Buildings and Furnishings. The Operating Fund assets and liabilities are those which are used for the general operations of the Commission. The Investment in Property, Buildings and Furnishings Fund comprises assets of enduring benefit and any related debt.

b) Amortization

Amortization is not recorded on the capital assets.

c) Capital Assets

Capital assets reflect all expenditures of the Commission from June 15, 1971 to March 31,1974 and all expenditures of a capital nature thereafter. These capital expenditures have been made by the Commission on behalf of the Province of Nova Scotia, with the Province being the beneficial owner of the assets.

d) Inventory

Inventories of finished goods for resale and raw materials are accounted for at the lower of cost and market.

e) Cash

Cash consists of amounts held at financial institutions.

3. GUARANTEED INVESTMENT CERTIFICATE

During the year, the Sherbrooke Restoration Commission internally restricted $71,644 for the Sherbrooke Village Development Fund. This brings the total of internally restricted cash to $96,664. This fund will be for capital items that will fulfil the long-term objectives of the Commission, such as enhancements.

4. CAPITAL GRANTS - DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

In 2000, the Commission received grants for capital projects from the Nova Scotia Department of Transportation and Public Works. The portion of these grants relating to reimbursement for Workers' Compensation was applied directly to reduce the Workers' Compensation expense, rather than to revenue.

No grants were received in the current year from the Department of Transportation and Public works.

5. PENSION PLAN

The Commission has a defined benefit pension plan which covers all employees. The plan is contributory and provides retirement benefits based on length of service and average earnings as defined. The last actuarial valuation was carried out in 1998, and covered the financial position of the plan as at December 31, 1997. At that time, the assets of the plan amounted to $657,922 and the liabilities amounted to $528,205, with the result that the plan had a surplus of $129,717 at that date.

The significant actuarial assumptions adopted in measuring the Commission's accrued benefit obligations at January 1, 1998 are as follows:

Expected long-term rate of return on plan assets	7%
Rate of compensation increases	5%

6. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	2001	2000
Accounts receivable	$ (5,769)	$ (16,718)
Inventory	(21,636)	(5,347)
Prepaid expenses	(8,962)	19,995
Accounts payable	5,927	(12,310)
	$ (30,440)	$ (14,380)

7. COMPARATIVE FIGURES

Certain of the March 31, 2000 figures have been reclassified to conform with the current year financial statement presentation.

SHERBROOKE RESTORATION COMMISSION

Schedule 1

Schedule of General Operating Expenditures
Year Ended March 31, 2001

	2001 Budget	2001 Actual	2000 Actual
Advertising and brochures	$ 23,000	$ 22,151	$ 20,765
Bad debts	—	1,878	—
Freight	2,000	2,797	2,200
Heat, light and power	64,000	56,538	58,404
Insurance and taxes	4,800	3,882	5,523
Interest and bank charges	2,600	2,456	2,488
Maintenance supplies	15,000	20,395	20,856
Miscellaneous	7,700	11,718	7,596
Motor vehicles	3,000	5,682	3,934
Office supplies and postage	15,000	15,420	18,943
Sewer and water	40,000	34,293	35,257
Professional fees	7,000	7,679	7,537
Property maintenance and security salaries	101,880	106,616	103,716
Pension plan and other benefits	75,000	55,149	56,728
Salaries and wages - Administration	139,360	140,348	144,977
Staff and Commission training	25,000	9,066	9,795
Special projects wages	—	(194)	194
Telephone	16,000	15,465	16,728
Travel	10,000	11,573	11,114
Workers' compensation	23,000	25,112	21,520
	$ 574,340	$ 548,024	$ 548,275

Schedule 2

Schedule of Program Revenue and Expenditures
Year Ended March 31, 2001

	2001 Budget	2001 Net Expenditures	2000 Net Expenditures
Blacksmith shop	$ 13,445	$ 11,751	$ 11,903
Boat shop	1,800	150	—
Costume shop	26,150	24,128	30,768
Craft shop	26,710	30,199	35,578
Emporium (Schedule 3)	(32,290)	(39,275)	(29,794)
Exhibit operations	1,200	241	3,301
Jordan barn	36,815	45,812	46,202
Pottery shop	27,700	29,575	31,244
Program management	80,675	79,262	83,220
Restaurant	(1,000)	612	11,349
Print shop	1,000	(138)	302
Sawmill operations	27,020	25,892	26,355
Ambrotype Studio	12,500	8,599	5,718
Turner shop	26,190	16,601	19,054
Woodworking shop	22,790	1,248	24,714
Education program	(13,000)	(32,736)	(28,376)
Guides	275,195	271,727	269,701
Riverfront project	—	—	4
Theatre program	3,010	204	3,651
	$ 535,910	$ 473,852	$ 544,894
Program expenditures	$ 830,010	$ 868,099	$ 894,232
Less: Program revenue	294,100	394,247	349,338
Net expenditures	$ 535,910	$ 473,852	$ 544,894

SHERBROOKE RESTORATION COMMISSION

Schedule 3

Schedule of Retail Operations
Year Ended March 31, 2001

	2001	2000
Revenue		
Sales	$ 187,341	$ 170,597
Cost of goods sold		
Merchandise inventory, opening	33,856	26,427
Purchases	112,190	111,119
Merchandise available for sale	146,046	137,546
Less: Merchandise inventory, ending	33,926	33,586
Cost of goods sold	112,120	103,960
Gross profit on sales	75,221	66,637
Expenses		
Salaries and wages	30,975	30,027
General expense	4,971	6,816
	35,946	36,843
Net retail income	$ 39,275	$ 29,794

AUDITORS' REPORT

To the Chairman and Members of the Board of Directors of
South Shore District Health Authority

We have audited the statement of financial position of the South Shore District Health Authority as at March 31, 2001 and the statements of operations, changes in fund balances and cash flows for the three-month period then ended. These financial statements are the responsibility of the District Health Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District Health Authority as at March 31, 2001 and the results of its operations, changes in fund balances and cash flows for the three-month period then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche
Chartered Accountants

June 15, 2001

SOUTH SHORE DISTRICT HEALTH AUTHORITY

Statement of Operations
Three-month period ended March 31, 2001

	Operating Fund	Capital Fund	Total
Revenue			
Department of Health funding	$ 9,269,759	$ —	$ 9,269,759
Department of Veteran's Affairs	387,969	—	387,969
Patient services	174,608	—	174,608
Physician funding	275,079	—	275,079
Program recoveries and sales	263,234	—	263,234
Amortization of deferred capital grants	—	607,557	607,557
	10,370,649	607,557	10,978,206
Expenses			
Administration and support	251,390	—	251,390
Addiction services	339,127	—	339,127
Diagnostic imaging	566,055	—	566,055
Environmental services	383,331	—	383,331
Finance	113,799	—	113,799
Food & nutritional services	534,850	—	534,850
Health registry	315,761	—	315,761
Human resources	95,026	—	95,026
Information services	189,613	—	189,613
Laboratory	615,752	—	615,752
Materials management	273,964	—	273,964
Mental health	664,400	—	664,400
Nursing	4,462,763	—	4,462,763
Pharmacy	126,916	—	126,916
Plant and support services	667,886	—	667,886
Public Health	281,375	—	281,375
Rehabilitation services	202,349	—	202,349
Other programs	233,919	—	233,919
Retirement allowances	7,456	—	7,456
Depreciation	—	597,422	597,422
Interest	—	16,949	16,949
Other programs	69,625	—	69,625
	10,395,357	614,371	11,009,728
Deficiency of revenues over expenses	$ (24,708)	$ (6,814)	$ (31,522)

SOUTH SHORE DISTRICT HEALTH AUTHORITY

Statement of Financial Position
as at March 31, 2001

ASSETS

	Operating Fund	Capital Fund	Total
Current			
Cash and cash equivalents (Page 502)	$ 360,314	$ 816,498	$ 1,176,812
Accounts receivable (Note 4)	5,321,752	443,966	5,765,718
Inventory	565,773	—	565,773
Prepaid expenses	180,287	22,871	203,158
	6,428,126	1,283,335	7,711,461
Long-term assets (Note 5)	426,376	—	426,376
Property, plant and equipment (Note 6)	—	26,866,432	26,866,432
	$ 6,854,502	$ 28,149,767	$ 35,004,269

LIABILITIES

	Operating Fund	Capital Fund	Total
Current			
Accounts payable and accrued liabilities (Note 8)	$ 5,233,488	$ 63,078	$ 5,296,566
Current portion of long-term debt (Note 9)	—	157,865	157,865
Revenue received in advance	1,637,358	—	1,637,358
	6,870,846	220,943	7,091,789
Long-term debt (Note 9)	—	529,753	529,753
Deferred capital grants (Note 10)	—	27,177,938	27,177,938
	6,870,846	27,928,634	34,799,480

FUND BALANCES

	Operating Fund	Capital Fund	Total
Restricted (Page 501)	8,364	—	8,364
Unrestricted (Page 501)	(24,708)	221,133	196,425
	(16,344)	221,133	204,789
	$ 6,854,502	$ 28,149,767	$ 35,004,269

Commitments (Note 11)
Contingency (Note 15)

SOUTH SHORE DISTRICT HEALTH AUTHORITY

Statement of Changes in Fund Balances
Three-month period ended March 31, 2001

	Operating Fund	Capital Fund	Total
Restricted Fund Balances			
Balance, beginning of period	$ —	$ —	$ —
Restricted fund balance transferred from Western Regional Health Board (Note 2)	8,364	—	8,364
Balance, end of period	8,364	—	8,364
Unrestricted Fund Balances			
Balance, beginning of period	—	—	—
Unrestricted fund balance transferred from Western Regional Health Board	—	227,947	227,947
Deficiency of revenues over expenses (Page 499)	(24,708)	(6,814)	(31,522)
Balance, end of period	(24,708)	221,133	196,425
Total Fund Balances	$ (16,344)	$ 221,133	$ 204,789

SOUTH SHORE DISTRICT HEALTH AUTHORITY

Statements of Cash Flows
Three-month period ended March 31, 2001

	Operating Fund	Capital Fund	Total
Net inflow (outflow) of cash related to the following activities:			
Operating			
Deficiency of revenues over expenses (page 499)	$ (24,708)	$ (6,814)	$ (31,522)
Adjusted for:			
Depreciation (Page 499)	---	597,422	597,422
Amortization (Page 499)	---	(607,557)	(607,557)
Changes in working capital items (Note 13)	803,034	(403,759)	399,275
	778,326	(420,708)	357,618
Financing			
Assumption of long-term debt from Western Regional Health Board	---	724,900	724,900
Proceeds from capital grants (Note 10)	---	27,785,495	27,785,495
Repayment of long-term debt	---	(37,283)	(37,283)
Net increase in restricted fund balance from Western Regional Health Board	8,364	---	8,364
Net increase in unrestricted fund balance from Western Regional Health Board	—	227,947	227,947
	8,364	28,701,059	28,709,423
Investing			
Investment in long-term assets from Western Regional Health Board	(427,076)	---	(427,076)
Proceeds from long-term assets	700	---	700
Net capital assets of the Western Regional Health Board	—	(27,402,754)	(27,402,754)
Acquisition of property, plant and equipment	—	(64,465)	(64,465)
Proceeds on disposal of property, plant and equipment	—	3,366	3,366
	(426,376)	(27,463,853)	(27,890,229)
Net cash inflow, being cash and cash equivalents at end of period	$ 360,314	$ 816,498	$ 1,176,812

SOUTH SHORE DISTRICT HEALTH AUTHORITY

Notes to the Financial Statements
Three-month period ended March 31, 2001

1. DESCRIPTION OF ORGANIZATION

The South Shore District Health Authority was formed by an Act of the Province of Nova Scotia as assented to by the Lieutenant Governor, on June 8, 2000 The Act came into force by proclamation of the Lieutenant Governor on January 1, 2001.

The facilities owned and operated by the District Health Authority are the Fishermen's Memorial Hospital, South Shore Regional Hospital and Queen's General Hospital. In addition, the District Health Authority leases space in other locations to operate certain programs throughout Lunenburg and Queen's counties and supports two (2) Community Health Boards.

2. TRANSFER OF ASSETS, LIABILITIES AND FUND BALANCES

Assets, liabilities and fund balances of the Western Regional Health Board as at December 31, 2000 were transferred in accordance with the allocation methodology approved by the Department of Health to the South Shore District Health Authority effective January 1, 2001, as follows:

	Operating Fund	Capital Fund	Total
Cash and cash equivalents	$ 1,079,694	$ 492,258	$ 1,571,952
Accounts receivable	4,064,059	499,537	4,563,596
Inventory	626,811	—	626,811
Prepaid expenses	248,313	26,399	274,712
Long-term assets	427,076	—	427,076
Property, plant and equipment (net book value)	—	27,402,754	27,402,754
Accounts payable and accrued liabilities	(4,868,853)	(314,446)	(5,183,299)
Current portion of long-term debt	—	(154,311)	(154,311)
Revenue received in advances	(1,568,736)	—	(1,568,736)
Long-term debt	—	(570,589)	(570,589)
Deferred capital grants	—	(27,153,655)	(27,153,655)
Restricted fund balance	(8,364)	—	(8,364)
Unrestricted fund balance	—	(227,947)	(227,947)
	$ —	$ —	$ —

3. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting policies and include the following significant accounting policies:

a) Fund Accounting

Revenue and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund, reports the assets, liabilities, revenue and expenses related to the South Shore District Health Authority's capital assets and special purposes and endowment funds.

b) Revenue Recognition

The South Shore District Health Authority follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in the restricted Capital Fund balances.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

c) Property, Plant and Equipment

Purchased capital assets are recorded in the Capital Fund at cost. Contributed capital assets are recorded in the Capital Fund at fair value at the date of contribution. Capital assets transferred in under Note 2 are recorded at original costs less accumulated depreciation. Depreciation is provided on a straight-line basis at the following annual rates:

Land improvements	5 - 10%
Building and building service equipment	2.5 - 10%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

d) Deferred Capital Grants

Deferred contributions reported in the Capital Fund include grant revenue received from external sources restricted for the purchase of capital assets. Amortization of deferred capital grants is recognized as revenue on the same basis as depreciation of the related assets.

e) Inventory

Inventories are recorded at the lower of average cost and replacement cost, and includes medical/surgical, drugs, and other general inventory.

4. ACCOUNTS RECEIVABLE

	Operating Fund	Capital Fund	Total
Department of Health			
Operating funding	$ 4,436,201	$ —	$ 4,436,201
Transition support program	188,137	—	188,137
Capital grants	—	280,358	280,358
Patient Care	255,601	—	255,601
HST rebates	176,896	14,339	191,235
Extended care facilities	36,187	—	36,187
Homecare/VON	37,320	—	37,320
Charitable foundations	62,069	149,269	211,338
Psychiatric recoveries	53,311	—	53,311
Federal grant funding	26,311	—	26,311
Other	49,719	—	49,719
	$ 5,321,752	$ 443,966	$ 5,765,718

5. LONG-TERM ASSETS

Long-term assets are comprised of employee advances to accommodate the change in pay dates, as a result of payroll conversions, and a prepaid maintenance contract.

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation	Net Book Value
Land and land improvements	$ 999,173	$ 601,314	$ 397,859
Building and building service equipment	34,687,919	13,263,160	21,424,759
Equipment	23,863,763	19,448,961	4,414,802
Equipment under capital lease	1,313,836	684,824	629,012
	$ 60,864,691	$ 33,998,259	$ 26,866,432

7. BANK INDEBTEDNESS

The District Health Authority has available operating lines of credit with a Canadian chartered bank totalling $2.7 million. As well, the District Health Authority has available a capital line of credit in the amount of $675,000 with a Canadian chartered bank. As of March 31, 2001, interest charges on any overdraft accounts are prime less 0.75%. There were no amounts owing on these lines at March 31, 2001.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Operating Fund	Capital Fund	Total
Trade payables	$ 834,616	$ 37,919	$ 872,535
Accrued liabilities	525,719	25,159	550,878
Vacation pay	2,182,094	—	2,182,094
Salary and benefits	1,657,222	—	1,657,222
Other	33,837	—	33,837
	$ 5,233,488	$ 63,078	$ 5,296,566

9. LONG-TERM DEBT

	2001
Obligations Under Capital Leases - Interest between 0% and 11%, maturing between 2005 and 2006	$ 687,618
Current portion	(157,865)
	$ 529,753

Estimated minimum principal repayments over the next five years are expected to be as follows:

2002	2003	2004	2005	2006
$ 157,865	$ 173,341	$ 190,743	$ 155,573	$ 10,096

10. DEFERRED CAPITAL GRANTS

Balance, beginning of year	$	—
Transferred from Western Regional Health Board		27,153,655
Grant received for:		
Capital assets purchased		62,675
Future capital asset purchases		569,165
		27,785,495
Amortization of deferred capital grants		(607,557)
Balance, end of year	$	27,177,938

11. COMMITMENTS

Leases and Purchase Commitments

The South Shore District Health Authority has committed funds from operations for occupancy and equipment leases. Estimated minimum lease payments over the next five years are expected to be as follows:

2002	2003	2004	2005	2006
166,744	$ 146,122	$ 116,754	$ 47,528	$ 47,528

12. PENSION PLAN

The South Shore District Health Authority contributes to two pension plans on behalf of its employees. The first plan is administered by the Nova Scotia Association of Health Organizations. The most recent actuarial valuation was conducted as at December 31, 1998 and showed an unfunded liability for the entire plan of $nil. The second plan is administered by the Province of Nova Scotia. The most recent actuarial valuation was conducted as at December 31, 1999 and showed an unfunded liability for the entire plan of $nil. The South Shore District Health Authority bears no financial responsibility for any unfunded liability of either plan.

13. CHANGES IN WORKING CAPITAL ITEMS

	Operating Fund	Capital Fund	Total
Accounts receivable	$ (5,321,752)	$ (443,966)	$ (5,765,718)
Inventory	(565,773)	—	(565,773)
Prepaid expenses	(180,287)	(22,871)	(203,158)
Accounts payable and accrued liabilities	5,233,488	63,078	5,296,566
Revenue received in advance	1,637,358	—	1,637,358
	$ 803,034	$ (403,759)	$ 399,275

14. PROVINCE OF NOVA SCOTIA RETIRING ALLOWANCE PROGRAM FOR EMPLOYEES OF HEALTH CARE FACILITIES

The Province of Nova Scotia Retiring Allowance Program for Health Care Facilities provides benefits for employees of the Western Regional Health Board (District Health Authority (#1), District Health Authority (#2), and District Health Authority (#3)) upon retirement. The most recent actuarial valuation was for the years ended March 31, 1998; March 31, 1999; and March 31, 2000.

Financial position of the entire program was as follows:

Continuity Schedule	2000-2001	1999-2000	1998-1999
Liability, April 1, Beginning of Year	$ 7,611,700	$ 6,578,200	$ 5,655,800
Current Service Costs	445,500	413,600	382,400
Interest on Liability	528,600	458,700	396,100
Current Year (Gain) Loss	—	161,200	143,900
Liability, March 31, End of Year	$ 8,585,800	$ 7,611,700	$ 6,578,200

(estimated)

Significant actuarial assumptions adopted in measuring the financial position of the program as at March 31, 2000 were based on information provided by the Nova Scotia Association of Health Organizations ("NSAHO"). The discount rate used was 6.56%.

All accumulated past liabilities from the retiring allowance program that relate directly to employees of the Western Regional Health Board will be fully funded by the Province of Nova Scotia, up to and including March 31, 2001. As a result, this liability has not been recorded in the financial statements. On a go forward basis, the financial position of the retiring allowance program will be funded by operations of the appropriate District Health Authority, that being one of District Health Authority (#1), District Health Authority (#2), or District Health Authority (#3).

15. CONTINGENCY

The South Shore District Health Authority has yet to reach a collective agreement with the employees of the Nova Scotia Nurses Union. The most recent collective agreement expired October 31, 2000. Although a retroactive wage adjustment is likely to cover the period from October 31, 2000 to March 31, 2001, it has been determined that such an amount cannot be reasonably estimated based on information available prior to the release of the financial statements. As a result, the financial statements do not include a provision for this contingent liability. The Department of Health has agreed to fully fund any such liability on behalf of the South Shore District Health Authority.

16. COMPARATIVE FIGURES

No comparative figures have been shown in the financial statements as this is the first period of operations for the District Health Authority.

AUDITORS' REPORT

To the Chairman and Members of the Board of Directors of
South West Nova District Health Authority

We have audited the statement of financial position of the South West Nova District Health Authority as at March 31, 2001 and the statements of operations, changes in fund balances and cash flows for the three-month period then ended. These financial statements are the responsibility of the District Health Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District Health Authority as at March 31, 2001 and the results of its operations, changes in fund balances and cash flows for the three-month period then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP
Chartered Accountants

June 15, 2001

SOUTH WEST NOVA DISTRICT HEALTH AUTHORITY

Statement of Operations
Three-month period ended March 31, 2001

	Operating Fund	Capital Fund	Total
Revenue			
Department of Health funding	$ 11,860,373	$ —	$ 11,860,373
Department of Veteran's Affairs	280,350	—	280,350
Patient services	186,311	—	186,311
Physician funding	303,824	—	303,824
Program recoveries and sales	619,209	—	619,209
Amortization of deferred capital grants	—	819,848	819,848
Other	87,136	—	87,136
	13,337,203	819,848	14,157,051
Expenses			
Administration and support	283,248	—	283,248
Addiction services	325,547	—	325,547
Diagnostic imaging	658,309	—	658,309
Environmental services	686,831	—	686,831
Finance	138,153	—	138,153
Food & nutritional services	950,274	—	950,274
Health registry	312,178	—	312,178
Human resources	116,940	—	116,940
Information services	230,202	—	230,202
Laboratory	951,386	—	951,386
Materials management	332,592	—	332,592
Mental health	780,425	—	780,425
Nursing	4,928,807	—	4,928,807
Pharmacy	125,537	—	125,537
Plant and support services	1,080,231	—	1,080,231
Public health	422,282	—	422,282
Rehabilitation services	206,799	—	206,799
Other programs	165,918	—	165,918
Retirement allowances	9,017	—	9,017
Depreciation	—	742,312	742,312
Other	675,019	6,087	681,106
	13,379,695	748,399	14,128,094
(Deficiency) excess of revenues over expenses	$ (42,492)	$ 71,449	$ 28,957

SOUTH WEST NOVA DISTRICT HEALTH AUTHORITY

Statement of Financial Position
as at March 31, 2001

ASSETS

	Operating Fund	Capital Fund	Total
Current			
Accounts receivable (Note 4)	$ 7,045,698	$ 1,790,778	$ 8,836,476
Inventory	742,395	—	742,395
Prepaid expenses	178,436	35,906	214,342
	7,966,529	1,826,684	9,793,213
Long-term assets (Note 5)	75,980	—	75,980
Property, plant and equipment (Note 6)	—	58,846,389	58,846,389
	$ 8,042,509	$ 60,673,073	$ 68,715,582

LIABILITIES

	Operating Fund	Capital Fund	Total
Current			
Bank indebtedness (Note 7)	$ 1,342,298	$ 736,330	$ 2,078,628
Accounts payable and accrued liabilities (Note 8)	4,872,788	451,272	5,324,060
Current portion of long-term debt (Note 9)	—	5,448	5,448
Revenue received in advance	1,799,698	—	1,799,698
	8,014,784	1,193,050	9,207,834
Long-term debt (Note 9)	—	18,008	18,008
Deferred capital grants (Note 10)	—	58,727,778	58,727,778
	8,014,784	59,938,836	67,953,620

FUND BALANCES

	Operating Fund	Capital Fund	Total
Restricted (Page 511)	70,217	10,645	80,862
Unrestricted (Page 511)	(42,492)	723,592	681,100
	27,725	734,237	761,962
	$ 8,042,509	$ 60,673,073	$ 68,715,582

Commitments (Note 11)
Contingency (Note 15)

SOUTH WEST NOVA DISTRICT HEALTH AUTHORITY

Statement of Changes in Fund Balances
Three-month period ended March 31, 2001

	Operating Fund	Capital Fund	Total
Restricted Fund Balances			
Balance, beginning of period	$ —	$ —	$ —
Restricted fund balance transferred from Western Regional Health Board (Note 2)	70,217	10,645	80,862
Balance, end of period	70,217	10,645	80,862
Unrestricted Fund Balances			
Balance, beginning of period	—	—	—
Unrestricted fund balance transferred from Western Regional Health Board (Note 2)	—	652,143	652,143
(Deficiency) excess of revenues over expenses (Page 509)	(42,492)	71,449	28,957
Balance, end of period	(42,492)	723,592	681,100
Total Fund Balances	$ 27,725	$ 734,237	$ 761,962

SOUTH WEST NOVA DISTRICT HEALTH AUTHORITY

Statements of Cash Flows
Three-month period ended March 31, 2001

	Operating Fund	Capital Fund	Total
Net inflow (outflow) of cash related to the following activities:			
Operating			
(Deficiency) excess of revenues over expenses (page 509)	$ (42,492)	$ 71,449	$ 28,957
Adjusted for:			
Depreciation (Page 509)	—	742,312	742,312
Amortization (Page 509)	—	(819,848)	(819,848)
Changes in working capital items (Note 13)	(1,294,043)	(1,375,412)	(2,669,455)
	(1,336,535)	(1,381,499)	(2,718,034)
Financing			
Assumption of long-term debt from Western Regional Health Board	—	24,818	24,818
Proceeds from capital grants (Note 10)	—	59,547,626	59,547,626
Repayment of long-term debt	—	(1,362)	(1,362)
Net increase in restricted fund balance from Western Regional Health Board	70,217	10,645	80,862
Net increase in unrestricted fund balance from Western Regional Health Board	—	652,143	652,143
	70,217	60,233,870	60,304,087
Investing			
Investment in long-term assets from Western Regional Health Board	(77,260)	—	(77,260)
Proceeds from long-term assets	1,280	—	1,280
Net capital assets of the Western Regional Health Board	—	(58,542,418)	(58,542,418)
Acquisition of property, plant and equipment	—	(1,042,174)	(1,042,174)
Loss on disposal of property, plant and equipment	—	(4,109)	(4,109)
	(75,980)	(59,588,701)	(59,664,681)
Net cash outflow, being bank indebtedness at end of period	$ (1,342,298)	$ (736,330)	$ (2,078,628)

1. DESCRIPTION OF ORGANIZATION

The South West Nova District Health Authority was formed by an Act of the Province of Nova Scotia as assented to by the Lieutenant Governor, on June 8, 2000 The Act came into force by proclamation of the Lieutenant Governor on January 1, 2001.

The facilities owned and operated by the District Health Authority are Digby General Hospital, Roseway Hospital and Yarmouth Regional Hospital. In addition, the District Health Authority leases space in other locations to operate certain programs throughout Digby, Shelburne and Yarmouth counties and supports four (4) Community Health Boards.

2. TRANSFER OF ASSETS, LIABILITIES AND FUND BALANCES

Assets, liabilities and fund balances of the Western Regional Health Board as at December 31, 2000 were transferred in accordance with the allocation methodology approved by the Department of Health to the South West Nova District Health Authority effective January 1, 2001, as follows:

	Operating Fund	Capital Fund	Total
Cash and cash equivalents	$ 209,885	$ (878,115)	$ (668,230)
Accounts receivable	4,858,998	1,382,865	6,241,863
Inventory	822,494	—	822,494
Prepaid expenses	284,900	40,695	325,595
Long-term assets	77,260	—	77,260
Property, plant and equipment (net book value)	—	58,542,418	58,542,418
Accounts payable and accrued liabilities	(4,537,160)	(492,434)	(5,029,594)
Current portion of long-term debt	—	(5,447)	(5,447)
Revenue received in advance	(1,646,160)	—	(1,646,160)
Long-term debt	—	(19,371)	(19,371)
Deferred capital grants	—	(57,907,823)	(57,907,823)
Restricted fund balance	(70,217)	(10,645)	(80,862)
Unrestricted fund balance	—	(652,143)	(652,143)
	$ —	$ —	$ —

3. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting policies and include the following significant accounting policies:

a) Fund Accounting

Revenue and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund, reports the assets, liabilities, revenue and expenses related to the South West Nova District Health Authority's capital assets and special purposes and endowment funds.

b) Revenue Recognition

The South West Nova District Health Authority follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in the restricted Capital Fund balances.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

c) Property, Plant and Equipment

Purchased capital assets are recorded in the Capital Fund at cost. Contributed capital assets are recorded in the Capital Fund at fair value at the date of contribution. Capital assets transferred in under Note 2 are recorded at original costs less accumulated depreciation. Depreciation on assets under construction is provided once the asset or portion thereof becomes available for use. Depreciation is provided on a straight-line basis at the following annual rates:

Land improvements	5 - 10%
Building and building service equipment	2.5 - 10%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

d) Deferred Capital Grants

Deferred contributions reported in the Capital Fund include grant revenue received from external sources restricted for the purchase of capital assets. Amortization of deferred capital grants is recognized as revenue on the same basis as depreciation of the related assets.

e) Inventory

Inventories are recorded at the lower of average cost and replacement cost, and includes medical/surgical, drugs, and other general inventory.

4. ACCOUNTS RECEIVABLE

	Operating Fund	Capital Fund	Total
Department of Health			
Operating funding	$ 4,649,201	$ —	$ 4,649,201
Transition support program	250,521	—	250,521
Capital grants	—	1,207,324	1,207,324
Patient Care	240,605	—	240,605
HST rebates	255,625	120,928	376,553
Extended care facilities	1,371,645	—	1,371,645
Homecare/VON	79,295	—	79,295
Charitable foundations	—	85,962	85,962
Psychiatric recoveries	51,782	—	51,782
Other	147,024	376,564	523,588
	$ 7,045,698	$ 1,790,778	$ 8,836,476

5. LONG-TERM ASSETS

Long-term assets are comprised of employee advances to accommodate the change in pay dates, as a result of payroll conversions.

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation	Net Book Value
Land and land improvements	$ 862,453	$ 98,898	$ 763,555
Building and building service equipment	73,269,038	19,040,723	54,228,315
Equipment	14,569,786	10,744,954	3,824,832
Equipment under capital lease	51,146	21,459	29,687
	$ 88,752,423	$ 29,906,034	$ 58,846,389

7. BANK INDEBTEDNESS

The District Health Authority has available operating lines of credit with a Canadian chartered bank totalling $3.2 million. As well, the District Health Authority has available a capital line of credit totalling $800,000 with a Canadian chartered bank. As of March 31, 2001, interest charges on any overdraft accounts are prime less 0.75%. There were no amounts owing on these lines at March 31, 2001 as the consolidated bank balance for South Shore District Health Authority, South West Nova District Health Authority, and the Annapolis Valley District Health Authority was positive. Subsequent to year-end, capital bank indebtedness was eliminated through the collection of a receivable from the Department of Health.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Operating Fund	Capital Fund	Total
Trade payables	$ 728,280	$ 54,525	$ 782,805
Accrued liabilities	684,162	396,747	1,080,909
Vacation pay	802,773	—	802,773
Salary and benefits	2,620,475	—	2,620,475
Other	37,098	—	37,098
	$ 4,872,788	$ 451,272	$ 5,324,060

9. LONG-TERM DEBT

Obligations Under Capital Leases - interst at 0%, maturing in 2006	$ 23,456
Current portion	(5,448)
	$ 18,008

Estimated minimum principal repayments over the next five years are expected to be as follows:

2002	2003	2004	2005	2006
$ 5,448	$ 5,448	$ 5,448	$ 5,448	$ 1,664

10. DEFERRED CAPITAL GRANTS

Balance, beginning of period	$	—
Transferred from Western Regional Health Board		57,907,823
Grants received for:		
Capital assets purchased		888,317
Future capital asset purchases		751,486
		59,547,626
Amortization of deferred capital grants		(819,848)
Balance, end of period	$	58,727,778

11. COMMITMENTS

a) Leases and Purchase Commitments

The South West Nova District Health Authority has committed funds from operations for occupancy and equipment leases. Estimated minimum lease payments over the next five years are expected to be as follows:

2002	2003	2004	2005	2006
$ 159,022	$ 143,840	$ 96,285	$ 12,160	$ 11,147

b) Yarmouth Redevelopment Project

The District Health Authority has committed to a redevelopment project for the Yarmouth Regional Hospital in the amount of $47.9 million, of which its share is 25% ($11.975 million). Also, committed is $1.027 million for design and construction management fees, required until such a time as the next phase of the project can be brought before the District Health Authority's Board for approval.

12. PENSION PLAN

The South Shore West Nova Health Authority contributes to two pension plans on behalf of its employees. The first plan is administered by the Nova Scotia Association of Health Organizations. The most recent actuarial valuation was conducted as at December 31, 1998 and showed an unfunded liability for the entire plan of $nil. The second plan is administered by the Province of Nova Scotia. The most recent actuarial valuation was conducted as at December 31, 1999 and showed an unfunded liability for the entire plan of $nil. The South West Nova District Health Authority bears no financial responsibility for any unfunded liability of either plan.

13. CHANGES IN WORKING CAPITAL ITEMS

	Operating Fund	Capital Fund	Total
Accounts receivable	$ (7,045,698)	$ (1,790,778)	$ (8,836,476)
Inventory	(742,395)	—	(742,395)
Prepaid expenses	(178,436)	(35,906)	(214,342)
Accounts payable and accrued liabilities	4,872,788	451,272	5,324,060
Revenue received in advance	1,799,698	—	1,799,698
	$ (1,294,043)	$ (1,375,412)	$ (2,669,455)

14. PROVINCE OF NOVA SCOTIA RETIRING ALLOWANCE PROGRAM FOR EMPLOYEES OF HEALTH CARE FACILITIES

The Province of Nova Scotia Retiring Allowance Program for Health Care Facilities provides benefits for employees of the Western Regional Health Board (District Health Authority (#1), District Health Authority (#2), and District Health Authority (#3)) upon retirement. The most recent actuarial valuation was for the years ended March 31, 1998; March 31, 1999; and March 31, 2000.

Financial position of the entire program was as follows:

Continuity Schedule	2000-2001	1999-2000	1998-1999
Liability, April 1, Beginning of Year...........	$ 7,611,700	$ 6,578,200	$ 5,655,800
Current Service Costs......................	445,500	413,600	382,400
Interest on Liability........................	528,600	458,700	396,100
Current Year (Gain) Loss..................	—	161,200	143,900
Liability, March 31, End of Year.............	$ 8,585,800	$ 7,611,700	$ 6,578,200
	(estimated)		

Significant actuarial assumptions adopted in measuring the financial position of the program as at March 31, 2000 were based on information provided by the Nova Scotia Association of Health Organizations ("NSAHO"). The discount rate used was 6.56%.

All accumulated past liabilities from the retiring allowance program that relate directly to employees of Western Regional Health Board will be fully funded by the Province of Nova Scotia, up to and including March 31, 2001. As a result, this liability has not been recorded in the financial statements. On a go forward basis, the financial position of the retiring allowance program will be funded by operations of the appropriate District Health Authority, that being one of District Health Authority (#1), District Health Authority (#2), or District Health Authority (#3).

15. CONTINGENCY

The South West Nova District Health Authority has yet to reach a collective agreement with the employees of the Nova Scotia Nurses Union. The most recent collective agreement expired October 31, 2000. Although a retroactive wage adjustment is likely to cover the period from October 31, 2000 to March 31, 2001, it has been determined that such an amount cannot be reasonably estimated based on information available prior to the release of the financial statements. As a result, the financial statements do not include a provision for this contingent liability. The Department of Health has agreed to fully fund any such liability on behalf of the South West Nova District Health Authority.

16. COMPARATIVE FIGURES

No comparative figures have been shown in the financial statements as this is the first period of operations for the District Health Authority.

AUDITORS' REPORT

To the Chairperson and Members
of the Southwest Regional School Board

We have examined the Consolidated, Operating Fund, Capital Fund, Reserve Fund and Trust Fund balance sheets of the Southwest Regional School Board as at March 31, 2001, and the statements of operations for the year then ended. These financial statements are the responsibility of the Southwest Regional School Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Southwest Regional School Board as at March 31, 2001, and the results of its operations and the changes in its capital position for the year then ended in accordance with generally accepted accounting principles adopted for Nova Scotia School Boards.

GRANT THORNTON LLP
Registered Municipal Auditors

Bridgewater, Nova Scotia
June 7, 2001

SOUTHWEST REGIONAL SCHOOL BOARD

Consolidated Balance Sheet
March 31, 2001

ASSETS

	2001	2000
Current		
Receivables (Note 2)	$ 2,637,908	$ 4,789,114
Inventory	416,544	404,775
Prepaid expenses	101,982	80,632
	3,156,434	5,274,521
Restricted cash	5,986	61,283
Restricted investments	—	100,916
	5,986	162,199
Fixed assets, at cost		
Land, buildings and improvements (Note 3)	55,815,866	55,152,477
Equipment and furnishings	17,759,594	17,429,486
School buses and other vehicles	11,244,939	10,955,583
	84,820,399	83,537,546
	$ 87,982,819	$ 88,974,266

LIABILITIES

	2001	2000
Current		
Bank overdraft	$ 428,161	$ 1,567,143
Payables and accruals		
Trade	1,549,594	1,640,590
Payroll and employee deductions	248,959	192,662
C.S.A.P (Note 7)	78,704	798,045
Deferred revenue	385,809	352,904
	2,691,227	4,551,344
Long term		
Commitment to Early Retirement Program (Note 6)	—	22,225,143
	—	22,225,143
Equity		
Reserves	242,587	662,199
Surplus	228,606	223,177
Investment in Early Retirement Program (Note 6)	—	(22,225,143)
Investment in capital assets	84,820,399	83,537,546
	85,291,592	62,197,779
	$ 87,982,819	$ 88,974,266

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Operating Fund Balance Sheet
March 31, 2001

ASSETS

	2001	2000
Current		
Receivables (Note 2)	$ 2,637,908	$ 4,789,114
Inventory	416,544	404,775
Prepaid expenses	101,982	80,632
	$ 3,156,434	$ 5,274,521

LIABILITIES

	2001	2000
Current		
Bank overdraft	$ 428,161	$ 1,567,143
Payables and accruals		
Trade	1,549,594	1,640,590
Payroll and employee deductions	248,959	192,662
C.S.A.P.	78,704	798,045
Deferred revenue	385,809	352,904
	2,691,227	4,551,344
Long term debt		
Commitment to Early Retirement Program (Note 6)	—	22,225,143
Due to Reserve Fund	236,601	500,000

EQUITY

	2001	2000
Investment in Early Retirement Program (Note 6)	—	(22,225,143)
Surplus	228,606	223,177
	228,606	(22,001,966)
	$ 3,156,434	$ 5,274,521

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Statement of Operations
Year Ended March 31, 2001

	Budget	2001 Actual	2000 Actual
Revenue			
Province of Nova Scotia	$ 72,657,300	$ 73,603,832	$ 76,903,881
Government of Canada	1,076,788	1,154,645	1,050,594
Appropriations from Councils	18,174,400	18,174,402	18,120.546
Board Operations	594,100	927,763	748,011
Transfer from Reserves	662,199	662,199	251,642
	$ 93,164,787	$ 94,522,841	$ 97,074,674
Expenditures			
Regional Board Management	$ 2,674,442	$ 2,713,542	$ 2,887,730
School Administration and Instruction	63,139,090	63,328,695	63,045,525
Special Education	9,708,980	9,516,996	9,258,960
Adult Education	589,383	657,034	535,570
Summer School	30,000	23,766	28,191
Property Service	8,742,776	9,305,537	8,931,616
Student Transportation	6,712,064	6,865,773	6,793,634
Operating Capital	1,568,052	1,869,468	4,860,634
Prior Years' Deficit	—	—	227,478
	$ 93,164,787	$ 94,280,811	$ 96,569,338
Excess of revenue over expenditures	$ —	$ 242,030	$ 505,336
Transfer to Reserve - Future Operations	—	(236,601)	(500,000)
Excess of revenue over expenditures after transfer to reserves	$ —	$ 5,429	$ 5,336

Statement of Continuity of Surplus
Year Ended March 31, 2001

	2001	2000
Deficit, beginning of year	$ 223,177	$ (63,382)
Transfer from current operations	—	141,834
Reduction of 1997 deficit of $506,605		
Province of Nova Scotia - Reduction	—	132,197
Deficit repayment	—	85,644
	223,177	296,293
Transfer to current operations	—	(78,452)
Excess of revenue over expenditures	242,030	5,336
Transfer to reserves - future projects	(236,601)	—
Surplus, end of year	$ 228,606	$ 223,177

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Capital Fund Balance Sheet
March 31, 2001

ASSETS

Fixed assets, at cost		
Land, buildings and improvements (Note 3)	$ 55,815,866	$ 55,152,477
Equipment and furnishings	17,759,594	17,429,486
School buses and other vehicles	11,244,939	10,955,583
	$ 84,820,399	$ 83,537,546

EQUITY

Investment in capital assets	84,820,399	83,537,546
	$ 84,820,399	$ 83,537,546

Statement of Continuity of Investment in Capital Assets
Year Ended March 31, 2001

	2001	2000
Balance, beginning of year	$ 83,537,546	$ 78,661,808
Capital purchases		
Land, building and improvements	663,389	3,814,677
New Germany High Upgrade	—	200,000
Digby High Energy Management System	—	200,000
Equipment and furnishings	330,108	361,653
	993,497	4,576,330
School bus and motor vehicle dispositions	(793,667)	(670,987)
School buses and motor vehicles	1,083,023	970,395
	289,356	299,408
Balance, end of year	$ 84,820,399	$ 83,537,546

Reserve Fund Balance Sheet
March 31, 2001

ASSETS

	2001	2000
Restricted cash	$ 5,986	$ 61,283
Restricted investments	—	100,916
Due from operating fund	236,601	500,000
	$ 242,587	$ 662,199

EQUITY

Reserve for future operations	$ —	$ 500,000
Reserve for future projects	242,587	4,850
Reserve for retirement awards	—	108,866
Reserve for equipment	—	17,826
Reserve for capital projects	—	30,657
	$ 242,587	$ 662,199

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Statement of Continuity of Reserves
March 31, 2001

	Balance Beginning of Year	Transfer To/ from Operating Fund	Interest Revenue	Balance End of Year
Future operations	$ 500,000	$ (500,000)	$ —	$ —
Future projects	—	236,601		236,601
Future projects - investment increase	4,850	(4,850)	5,986	5,986
Retirement awards	108,866	(108,866)	—	—
Library upgrade	—	—	—	—
Technology and equipment	17,826	(17,826)	—	—
School bus replacement	—	—	—	—
Future capital - air handling project	—	—	—	—
Future capital projects	30,657	(30,657)	—	—
	$ 662,199	$ (425,598)	$ 5,986	$ 242,587

Supplementary Details of Revenues
Year Ended March 31, 2001

	Budget	2001 Actual	2000 Actual
Province of Nova Scotia			
General formula	$ 65,650,100	$ 65,784,387	$ 65,723,586
General formula - other	—	—	500,000
Grants - Junior High Computer Networks	—	60,000	220,000
Special education	4,941,000	4,941,000	4,941,000
Learning disability grant	155,800	152,311	188,787
Textbook credit	905,400	905,400	787,200
Bus purchase	814,800	814,800	814,800
Emergency capital	—	198,672	3,051,540
Other:			
Wage recovery	—	—	279,091
APEF - Learning Resources	—	—	118,200
APEF - Provincial Development	—	—	118,200
Pilot Costs - Provincial funding	—	76,367	—
Reading recovery	25,000	34,979	—
PSA Development	29,300	22,750	—
School initiative - P3 schools	50,000	50,000	50,000
Level 5 treatment facility	58,700	59,434	59,620
Gas tax rebate	7,000	13,995	14,401
Fuel/oil pressure relief	—	350,000	—
Relocation - Adult Ed/Daycare - Milton	—	20,000	—
French monitor program	10,000	34,664	26,733
Technology refresh	—	17,018	—
Technologist grant - Meadowfields	10,200	68,055	10,393
SAC - Inservice Grant	—	—	330
	$ 72,657,300	$ 73,603,832	$ 76,903,881

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Supplementary Details of Revenues (continued)
Year Ended March 31, 2001

	Budget	2001 Actual	2000 Actual
Government of Canada			
Acadia/Shubenacadie First Nation Band Councils	$ 260,000	$ 299,719	$ 262,718
Employment and Immigration	—	51,193	29,499
French formula grant	60,000	80,761	58,875
French special projects	275,000	260,731	292,389
IEI Technology project	481,788	462,241	407,113
	$ 1,076,788	$ 1,154,645	$ 1,050,594
Appropriations from Councils			
Town of Bridgewater	$ 1,462,626	$ 1,462,626	$ 1,483,960
Town of Lunenburg	429,780	429,781	423,399
Town of Mahone Bay	188,426	188,426	186,891
Municipality of Chester	2,123,123	2,123,124	2,091,730
Municipality of Lunenburg	3,906,187	3,906,187	3,853,626
Region of Queens Municipality	2,239,253	2,239,253	2,289,348
Municipality of Barrington	909,992	909,992	901,107
Town of Clark's Harbour	113,151	113,151	114,097
Town of Shelburne	245,305	245,305	248,173
Municipality of Shelburne	705,535	705,535	696,187
Town of Lockeport	78,840	78,840	79,582
Town of Yarmouth	1,138,494	1,138,494	1,141,879
Municipality of Yarmouth	1,302,340	1,302,340	1,296,164
Municipality of Digby	823,746	823,746	819,119
Town of Digby	280,083	280,083	284,502
Municipality of Clare	1,154,143	1,154,143	1,140,756
Municipality of Argyle	1,073,376	1,073,376	1,070,026
	$ 18,174,400	$ 18,174,402	$ 18,120,546
Board Operations			
Investment income	$ 85,000	$ 179,518	$ 73,062
Adult education fees	100,100	94,738	83,532
Nursery school fees	84,000	115,985	93,762
After school programs		6,879	—
Summer school fees	30,000	29,278	28,395
Other fees/revenues			
Extracurricular bus trips	70,000	169,002	144,795
Vandalism reimbursement	1,000	1,002	614
English second language	18,000	—	—
International student program	200,000	209,126	257,271
Literacy programs	—	11,629	—
Environmental Protection Agency	—	10,279	—
Grass roots funding	—	11,900	—
Millennium Programs - Gulf of Maine Project	—	66,826	—
Curriculum programming - various grants	—	—	45,781
Miscellaneous	—	290	9,124
Total other fees/revenues	588,100	906,452	736,336
Facilities rental	5,000	4,010	6,880
Sale of assets	1,000	17,301	4,795
	$ 594,100	$ 927,763	$ 748,011

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Supplementary Details of Expenditures
Year Ended March 31, 2001

	Budget	2001 Actual	2000 Actual
Regional Board Management			
Salaries, wages and honoraria:			
- administration	$ 481,789	$ 470,839	$ 508,895
- board members	151,200	153,107	134,709
- clerical	659,805	628,680	650,074
- other	165,122	167,034	126,847
Employer benefits			
- statutory benefits	93,935	92,483	84,657
- group insurance/pension	85,291	93,604	79,551
- professional development	12,500	5,016	11,509
Supplies and materials	225,700	196,160	238,939
In-service training	3,000	833	2,069
Travel and conference			
- staff	70,900	64,383	91,318
- board members	75,600	88,091	86,515
Liability insurance	131,000	131,230	140,127
Professional services			
- audit	21,000	12,406	20,352
- legal	70,000	205,742	141,057
Contracts: bank charges	500	50	—
Board office: rental	54,000	53,138	54,984
Occupational health and safety	8,600	12,767	10,881
Board office			
- telephone	104,200	74,716	105,148
- utilities	35,000	35,889	27,285
Dues/fees	49,700	48,281	87,958
School board elections	18,000	37,233	17,745
Computer services/equipment/data communication	74,000	79,049	123,776
Other:			
Debt service	—	—	22,749
Advertising	36,600	36,333	48,668
Board office: maintenance	27,000	24,044	22,697
Overdraft interest	20,000	2,434	33,500
Employee compensation study	—	—	15,720
	$ 2,674,442	$ 2,713,542	$ 2,887,730

See accompanying notes to financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Supplementary Details of Expenditures (continued)
Year Ended March 31, 2001

	2001		2000
	Budget	Actual	Actual
School Administration and Instruction			
Salaries and wages			
- administration	$ 4,795,298	$ 4,911,257	$ 4,727,930
- instruction	44,918,104	44,926,482	44,591,828
- substitutes	1,450,000	1,619,786	1,460,511
- sabbatical	250,000	250,000	427,284
- support services	496,237	477,532	553,652
- library	485,139	450,647	448,914
- guidance	1,048,731	1,077,906	1,010,522
- student assistants/tutors	25,000	8,586	12,865
- clerical	1,581,172	1,571,108	1,456,373
- lunch and bus	400,000	398,108	389,119
- other	17,984	17,228	67,864
Employer benefits			
-statutory benefits	2,917,550	2,958,413	2,911,917
- service awards	70,000	77,295	81,434
- group insurance/pension	264,820	250,373	275,998
- professional development	269,258	292,104	190,781
School admin. and instruction - supplies			
- administration	—	110,067	92,355
- instruction and curriculum	1,045,250	461,250	511,312
- copier leases	—	407,679	370,969
- postage	—	19,871	19,519
- books	—	18,860	37,692
- furniture and equipment	—	81,041	99,731
- APEF - Learning Resources - supplies	—	—	118,200
- SAC Allocation	19,315	19,356	19,352
- Junior High Network	—	60,000	220,000
Total school admin and instruction	60,053,858	60,464,949	60,096,122
Supplies and materials			
- guidance	—	—	1,047
- library	146,321	74,051	129,537
- textbook credit	905,400	905,400	787,200
- other supplies	197,500	212,383	180,880
- Tech Refresh	77,742	55,005	
In-service training	—	105,109	136,220
Travel			
- circuit/library/clerical	40,000	65,794	73,404
- other staff travel/conference	180,700	180,610	184,660
Telephone/fax/data communication	301,305	278,792	301,163
Computer services	178,300	197,457	171,536
Other:			
CSAP - purchase of services	445,076	174,175	345,804
Extracurricular - board paid/supplies	—	—	2,500
Needs Assessment	—	—	38,518
International Student program	130,000	151,990	189,821
IEI Program	481,788	462,242	407,113
Other expenses	1,100	738	—
	3,085,232	2,863,746	2,949,403
	$ 63,139,090	$ 63,328,695	$ 63,045,525

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Supplementary Details of Expenditures (continued)
Year Ended March 31, 2001

	Budget	2001 Actual	2000 Actual
Special Education			
Salaries and wages			
- administration	$ 22,353	$ 21,469	$ 61,649
- instruction	4,631,469	4,379,268	4,200,052
- support services	818,834	799,092	801,372
- student assistants	3,360,422	3,445,195	3,327,838
- clerical	24,143	6,741	23,721
Benefits			
- statutory benefits	563,676	577,296	544,008
- group insurance/pension	15,000	10,298	115,135
- professional development	136,068	148,004	15,230
Supplies and materials	34,730	31,320	25.309
In-service training	12,700	4,886	35,303
Travel			
- circuit/resource	47,500	47,546	55,616
- other travel/conference	35,885	22,992	39.066
Telephone/fax/data communication	3,700	10,129	13,927
Other	2,500	12,760	734
	$ 9,708,980	$ 9,516,996	$ 9,258,960
Adult Education			
Salaries and wages			
- administration	$ 156,567	$ 181,244	$ 119,313
- instruction	223,514	244,555	214,424
- support services	48,766	88,158	49,690
- clerical	19,771	24,833	26,487
Benefits			
- statutory benefits	36,025	42 933	32,933
- group insurance/pension	22,740	12,970	9,726
Supplies and materials	36,300	42,897	37.789
In-service training	1,000	---	---
Travel: other travel/conference	7,200	3,512	4,128
Building rental - nursery	---	7,030	11,000
Telephone/fax/dat communication	12,500	14,932	13,920
Program deficits to next year	---	(32,616)	---
Other	25,000	26,586	16,160
	$ 589,383	$ 657,034	$ 535,570
Summer School			
Salaries and wages			
- instruction	$ 13,700	$ 8,250	$ 12,000
- other	11,300	10,500	10,750
Benefits			
- statutory benefits	1,000	742	735
- group insurance/pension	---	16	---
Supplies and materials	4,000	4,258	4,706
	$ 30,000	$ 23,766	$ 28,191

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Supplementary Details of Expenditures (continued)
Year Ended March 31, 2001

	2001 Budget	2001 Actual	2000 Actual
Property Services			
Salaries and wages			
- supervisory	$ 189,767	$ 196,662	$ 195,308
- maintenance	380,638	356,022	375,357
- custodial	3,223,069	3,171,151	3,176,520
- clerical	52,784	54,937	49,781
- grounds	85,800	81,431	—
- other	—	—	69,924
Benefits			
- statutory benefits	316,964	340,809	329,575
- group insurance / pension	199,803	197,154	199,075
- service awards	20,000	64,236	—
- other benefits	1,000	1,629	2,641
Supplies and materials		—	
- maintenance	536,500	467,250	528,902
- custodial	280,000	252,351	279,230
- other	67,600	59,448	62,511
Insurance	215,000	226,021	207,256
	5,568,925	5,469,101	5,476,080
Utilities			
Electricity	1,370,000	1,499,540	1,379,697
Heat-fuel oil	875,000	1,247,097	727,078
Sewer/water/fire	203,676	203,385	203,694
	2,448,676	2,950,022	2,310,469
In-service training	7,000	6,829	5,856
Travel/conference	28,000	29,693	41,431
Rental of facilities	84,250	80,856	81,296
Contracted services: maintenance	390,400	341,992	558,873
	509,650	459,370	687,456
Contracted services: custodial			
Snow removal	82,000	268,203	134,367
Garbage removal	84,000	98,355	112,003
Other contracted services: custodial	7,500	7,524	7,544
	173,500	374,082	253,914
Telephone/fax	22,025	35,221	35,110
Computer services	5,000	5,897	—
Equipment repairs	10,000	10,188	10,656
P3 maintenance charges	—	—	152,384
Architectural fees	5,000	1,656	5,547
	42,025	52,962	203,697
	$ 8,742,776	$ 9,305,537	$ 8,931,616

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Supplementary Details of Expenditures (continued)
Year Ended March 31, 2001

		2001	2000
	Budget	Actual	Actual
Pupil Transportation			
Salaries and wages			
- supervisory	$ 138,944	$ 142,882	$ 141,574
- drivers	3,435,839	3,466,976	3,404,371
- mechanics and helpers	504,289	502,335	480,444
- dispatchers	67,832	63,479	71,545
Benefits			
-statutory benefits	346,963	375,232	359,794
- service awards	15,000	14,868	19,488
- group insurance/pension	260,097	241,290	238,984
- other benefits	13,000	10,901	13,617
Supplies and materials	80,600	64,078	75,878
Vehicle operating expenses			
- gas/oil/grease	585,800	773,815	512,568
- tires/tubes	100,000	97,330	109,223
- registration / license	106,000	111,019	101,177
- insurance	72,000	57,732	62,066
- repairs/maintenance	536,000	453,940	763,642
Garage expenses			
- repairs/maintenance	50,500	73,447	60,248
- utilities	52,600	63,509	53,108
In-service training	15,000	10,669	18,075
Travel/conference	23,300	29,284	43,761
Extra-curricular travel	100,000	175,264	113,874
Contract conveyance	95,000	79,247	64,720
Telephone/fax	34,300	32,857	39,358
Computer services	40,000	—	12,838
Bus site maintenance	6,000	13,826	6,309
Equipment repairs	33,000	11,793	26,972
	$ 6,712,064	$ 6,865,773	$ 6,793,634

Operating capital			
Repairs and renovations			
- property service	$ 511,000	$ 507,669	$ 504,891
- other programs	—	—	4,557
Emergency capital	—	198,672	3,051,540
Furniture and equipment			
- schools	137,000	80,103	99,998
- property service	—	—	129,252
Vehicles			
- property service	88,000	100,753	78,913
- school buses	832,052	982,271	891,483
Capital debt service	—	—	100,000
	$ 1,568,052	$ 1,869,468	$ 4,860,634

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Notes to the Financial Statements
March 31, 2001

1. **Accounting principles**

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed by the Nova Scotia District School Board Financial Handbook.

Inventories

Garage parts inventory is recorded at cost. All other supplies and purchases are expensed.

Financial statement presentation

The financial statements of the Board have been prepared in accordance with the fund basis of accounting.

Expenditure recognition

Expenditures other than salaries are recorded on an accrual basis. Outstanding purchase orders at the balance sheet date are accrued and recorded as payables.

Capital equipment and school buses

Fixed assets are recorded at cost. Assets received from the various boards as at January 1, 1982, under the agreement creating the Southwest Regional School Board, are treated as additions to investments in fixed assets. The Board does not record depreciation on its fixed assets, as the Tangible Capital Asset Policy has not been adopted for the year ended March 31, 2001.

2. **Receivables**

	2001	2000
Government of Canada	$ 316,431	$ 843,847
Province of Nova Scotia	1,049,576	2,233,029
NSSRA - NSTU Sal Con Insurance (Note 8)	250,000	250,000
Municipalities	69,969	—
First Nations Band Councils	90,983	421,629
C.S.A.P.	—	67,788
Other	860,949	972,821
	$ 2,637,908	$ 4,789,114

3. **Land, buildings and improvements**

Prior to the formation of the Southwest Regional School Board, certain municipal units had joined to form District School Boards. Under various agreements, land and school buildings on hand remained assets of the appropriate municipal units but were under the operational control of the District School Boards until such time as the Board no longer required the assets for school purposes. At that time, control reverted back to the appropriate municipality. These agreements will now remain in force with the Southwest Regional School Board.

The Southwest Regional School Board has a vested interest in capital improvements to school buildings. Under the Education Act, should a municipal unit sell a building returned to it by the Board under the circumstances noted above, a portion of the proceeds will be payable to the Board. In the event of the destruction of the building such that insurance proceeds are payable, a portion of these proceeds will similarly be payable to the Board.

4. Commitments

Service awards

For all service on or before July 31, 2000, under the terms of agreements with local units of the Nova Scotia Teacher's Union, the Board is required to pay a service award to each teacher who accumulates a minimum of fifteen years service with the Board. The amounts of the awards are as follows:

Digby District - $80 per year of service
Queens District - 0.45 of one percent of a TC5 - MAX per year of service
Shelburne District - $90 per year of service
Yarmouth Dictrict - 0.75 of one percent of annual salary per year of service
Lunenburg District - $200 per year of service
Clare/Argyle District - 0.60 of one percent of annual salary per year of service

For all service commencing on or after August 1, 2000 under the terms of agreement with the NSTU and Southwest Regional School Board the Board is required to pay a service award to each teacher who accumulates a minimum of fifteen years service with the Board. The amount of the award is as follows: .75 of 1% for each year of service with the Board multiplied by the annual salary rate on the last day of employment with the Board.

The amount of $77,295 recorded as a service award expense represents the cash payment to teachers who retired in the fiscal year 2000/01 and under the Early Retirement Program. Appropriations are not made for the cost of service award credits earned in the current year by teachers who have not yet retired. Any future liability is completely unfunded.

P-3 Operating Expenses

Forest Ridge Academy, Bayview Community School and Aspotogan Consolidated Elementary School were opened for the 2000/01 school year. Meadowfields Community School had been opened in the 1999/2000 school year. The lease contains both a capital and operating component and all payments are to be made by the Province to the private partner. Since school boards are generally responsible for school operating expenses, the Province recovers a portion of the operating lease payment from the school board. As there are going to be a significant number of leased schools in the next few years, it has been agreed by the Province to establish a province-wide rate for this recovery from school boards. This rate has been revised to $3.05 per square foot, from $4.00 per square foot. The Province of Nova Scotia has reduced funding by : $152,400 for the year ended March 31, 2000; $343,600 for the year ended March 31, 2001; and $122,900 for the year ended March 31, 2002, totalling $618,900 for the P3 schools. Budgets for expenditures under the property service section are also reduced.

Purchase

The Board has entered into an agreement to purchase a new payroll system. The final payment remaining under the agreement is $50,000 for the 2001/02 fiscal year.

5. Pensions plans

The Board makes payments into the following pension plans:

Lunenburg District - C.U.P.E. staff and support staff non-teaching defined benefit plans.
Queens District - Non-teaching staff money purchase plan and defined benefit plan.
Shelburne District - Non-teaching staff money purchase plan and defined benefit plan.
Yarmouth District - Non-teaching staff money purchase plan and undivided registered retirement savings plan.
Digby District - Non-teaching staff defined benefit plan.

Recent actuarial reports have not been prepared for these various plans and therefore no balances have been reflected in these financial statements. The Board's teachers are covered by a pension plan established by the Province pursuant to the Teachers Pension Act.

6. **Early Retirement (1994-98) Program (ERP)**

During the 2000/01 fiscal year, the province of Nova Scotia assumed full responsibility for the Early Retirement Plan (1994-1996).

7. **Contingencies**

Receivable
Included in receivables is $250,000 due from the Province of Nova Scotia for the Nova Scotia Board Association insurance rebate. This has been outstanding for a number of years and the Board cannot make a determination of the amount of likelihood of any writedown that might be required upon settlement with the Province.

Legal
There are a number of claims and possible claims outstanding against the Board. The outcomes of these claims are not determinable and therefore no amounts have been recorded in the accounts of the Board. Any settlements resulting from the resolution of these claims will be treated as a charge to operations in the period the settlement occurs.

C.S.A.P.
Included in the balance sheet is $78,704, which represents the final settlement to the Conseil Scolaire Acadien Provincial for the cost of English students attending the CSAP schools. Discussions are still underway as to the amount of this final settlement. The maximum the Board is willing to settle on is $78,704.

8. **Board Restructuring**

The Southwest Regional School Board was restructured into two districts - The South Shore District School Board and the Tri County District School Board during the fiscal year. The Southwest Regional School Board will be responsible for operational issues and the two school districts will be responsible for educational issues.

SOUTHWEST REGIONAL SCHOOL BOARD

Trust Funds Balance Sheet
March 31, 2001

	2001	2000
Assets		
Cash	$ 571,055	$ 358,717
Equity		
Estate of Marjorie E. Jones	$ 64,087	$ 60,689
Digby Community Theatre	168,889	
CUPE Pension Fund	80,534	62,909
Reserve for scholarships		
Teachers' Scholastic Scholarship	6,276	5,779
Forbes Mountain Scholarship	698	855
Josephine Christie Fredea Award	1,586	1,576
L.C.D.S.B. Memorial Scholarship	4,832	4,477
Murray Barkhouse Scholarship Fund	3,115	3,015
Robert Hirtle Memorial Fund	1,275	920
Dr. K.C. Ghandi Marfatia Scholarship Fund	6,042	—
W.G.L.Hirtle Scholarship	10,691	10,555
Elinor Muir Leary Scholarship	10,600	10,672
Irene and Derrell Ernst Scholarship	5,380	5,338
David Lowe Scholarship	8,109	7,659
Clara Quinlan Scholarship	5,258	5,101
Monte Oickle Scholarship	5,158	4,885
Cameron Smith Memorial	153	145
Paul Eisnor Memorial	326	405
Austin Nauss Scholarship	1,832	2,032
Rodney Veinot Memorial	2,512	2,671
Timothy Daniels Memorial	3,694	2,994
Sylvia Weagle Bursary	29,833	29,715
Dr. J.C. Wickwire	2,557	2,712
Augusta Nickerson	13,362	12,653
J. Pask memorial	123	116
Margaret Ernst MacLeod	3,610	3,419
Elsie Hemeon Fund	495	469
Stay-in-School Bursary	148	1,711
F. Dakin and P. Dakin Dickson	44,309	42,438
Dr. Charles and Mary Webster	22,200	22,506
Erma Westhaver Loomis	37,148	36,828
Yarmouth District Scholarship Society		
Unassigned	3,549	3,361
Samuel Margolian Trust - Yarmouth High	5,089	169
Samuel Margolian Trust - St. Ambrose	5,089	169
Churchill Trust	1,492	1,321
Loraleis Trust	1,600	1,589
Blackader - Kirk Trust	3,265	3,587
Olson	2,887	—
Andrew Maxwell	3,252	3,277
	$ 571,055	$ 358,717

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Statement of Continuity of Trust Funds
For the Year Ended March 31, 2001

	Balance Beginning of Year	Contributions	Receipt of Donations	Interest Earned	Scholarships Awarded	Balance End of Year
Estate of Marjorie E. Jones	$ 60,689	$ —	$ —	$ 3,398	$ —	$ 64,087
Digby Community Theatre Fund	—	123,500	44,086	1,303	—	168,889
CUPE Pension Fund	62,909	13,748	—	3,877	—	80,534
Teachers Scholastic	5,779	7,187	—	335	(7,025)	6,276
Forbes Mountain	855	—	—	43	(200)	698
J.C. Fredea Award	1,576	—	—	85	(75)	1,586
L.C.D.S.B. Memorial	4,477	—	100	255	—	4,832
M. Barkhouse Scholarship Fund	3,015	—	231	171	(300)	3,117
Robert Hirtle Memorial Fund	920	—	300	55	—	1,275
Dr. K.C. Marfatia Ghandi	—	—	6,000	292	(250)	6,042
W.G.L.Hirtle	10,555	—	—	586	(450)	10,691
Elinor Muir Leary	10,672	—	—	578	(650)	10,600
Irene/Derrell Ernst	5,338	—	—	292	(250)	5,380
David Lowe	7,659	—	20	430	—	8,109
Clara Quinlan	5,101	—	—	282	(125)	5,258
Monte Oickle	4,885	—	—	275	—	5,160
Cameron Smith	145	—	—	8	—	153
Paul Eisnor	405	—	—	21	(100)	326
Austin Nauss	2,032	—	—	100	(300)	1,832
Balance forward	$ 187,012	$ 144,435	$ 50,737	$ 12,386	$ (9,725)	$ 384,845

SOUTHWEST REGIONAL SCHOOL BOARD

Statement of Continuity of Trust Funds (Continued)
For the Year Ended March 31, 2001

	Balance Beginning of Year	Contributions	Receipt of Donations	Interest Earned	Scholarships Awarded	Balance End of Year
Balance carried forward	$ 187,012	$ 144,435	$ 50,737	$ 12,386	$ (9,725)	$ 384,845
Rodney Veinot	2,671	—	—	141	(300)	2,512
Timothy Daniels	2,994	—	1,000	200	(500)	3,694
S Weagle Bursary	29,715	—	—	1,618	(1,500)	29,833
Dr. J.C. Wickwire	2,712	—	—	145	(300)	2,557
Augusta Nickerson	12,653	—	—	709	—	13,362
J. Pask Memorial	116	—	—	6	—	122
M. Ernst MacLeod	3,419	—	—	191	—	3,610
Elsie Hemeon	469	—	—	26	—	495
Stay-in-School Bursary	1,711	—	—	37	(1,600)	148
F. Dakin/P. Dakin Dickson	42,438	—	—	2,371	(500)	44,309
Dr. Charles/Mary Webster	22,506	—	—	1,194	(1,500)	22,200
Erma Westhaver Loomis	36,828	—	—	2,020	(1,700)	37,148
Yarmouth District Scholarship Society						
Unassigned	3,361	—	—	388	(200)	3,549
S. Margolian Trust - Yarmouth High	169	4,862	—	227	(169)	5,089
S. Margolian Trust - St. Ambrose	169	4,862	—	227	(169)	5,089
Churchill Trust	1,321	—	200	71	(100)	1,492
Loraleis Trust	1,589	—	—	86	(75)	1,600
Blackader - Kirk Trust	3,587	—	—	178	(500)	3,265
Olson	—	2,959	—	127	(200)	2,886
Andrew Maxwell	3,277	—	—	173	(200)	3,250
	$ 358,717	$ 157,118	$ 51,937	$ 22,521	$ (19,238)	$ 571,055

See accompanying notes to the financial statements.

AUDITOR'S REPORT

To the Chairman and Members
Strait Regional School Board

I have audited the Operating Fund and Capital Fund of the Strait Regional School Board as at March 31, 2001 and the statements of operations and capital financing for the year then ended. These financial statements are the responsibility of the School Board's Management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Strait Regional School Board as at March 31, 2001 and the results of its operations and the changes in its capital position for the year then ended in accordance with generally accepted accounting principles adopted for Nova Scotia Municipalities.

WILLIAM B. DRAPER
Chartered Accountant
Registered Municipal Auditor

Antigonish, Nova Scotia
June 25, 2001

STRAIT REGIONAL SCHOOL BOARD

Consolidated Balance Sheet
March 31, 2001

ASSETS

	2001	2000
Current		
Cash	$ 2,900	$ 3,450
Prepaid expenses	172,672	303,898
Receivables		
Province of Nova Scotia	1,409,182	2,068,159
Municipal Councils	136,228	437,042
Government of Canada	1,722,720	1,860,724
General public	894,014	171,440
	4,337,716	4,844,713
Fixed assets, at undepreciated cost		
Equipment and furnishings	3,168,996	3,284,936
School buses and other vehicles	3,459,560	4,828,769
School buildings and improvements	34,354,558	38,171,731
	40,983,114	46,285,436
	$ 45,320,830	$ 51,130,149

LIABILITIES

	2001	2000
Current		
Cheques issued in excess of funds on deposit	$ 2,025,658	$ 1,497,770
Payables and accruals		
Trade and other	2,281,661	3,054,102
Employee deductions and salary accruals	268,863	280,553
Current portion of early retirement program	—	1,665,252
	4,576,182	6,497,677
Long term - commitment to early retirement program (Note 3)	—	19,909,283
	4,576,182	26,406,960

EQUITY

	2001	2000
Surplus (deficit) current year	(238,466)	12,288
Investment in capital assets	40,983,114	46,285,436
Investment in early retirement program	—	(21,574,535)
	40,744,648	24,723,189
	$ 45,320,830	$ 51,130,149

STRAIT REGIONAL SCHOOL BOARD

Operating Fund Balance Sheet
March 31, 2001

ASSETS

	2001	2000
Current		
Cash	$ 2,900	$ 3,450
Prepaid expenses	172,672	303,898
Receivables		
Province of Nova Scotia	1,409,182	2,068,159
Municipal councils	136,228	437,042
Government of Canada	1,722,720	1,860,724
General public	894,014	171,440
	$ 4,337,716	$ 4,844,713

LIABILITIES

	2001	2000
Current		
Cheques issued in excess of funds on deposit	$ 2,025,658	$ 1,497,770
Payables, accruals and deferrals		
Trade and other	2,281,661	3,054,102
Employee deductions and salary accruals	268,863	280,553
Current portion of early retirement program	—	1,665,252
	4,576,182	6,497,677
Long term - commitment to early retirement program (Note 3)	—	19,909,283
	4,576,182	26,406,960

EQUITY

	2001	2000
Surplus (deficit) current year	(238,466)	12,288
Investment in early retirement program	—	(21,574,535)
	(238,466)	(21,562,247)
	$ 4,337,716	$ 4,844,713

STRAIT REGIONAL SCHOOL BOARD

Statement of Operations
Year Ended March 31, 2001

	2001		2000
	Budget	Actual	Actual
Revenue			
Province of Nova Scotia	$ 49,592,018	$ 52,008,020	$ 52,294,689
Government of Canada	1,017,245	1,153,951	1,290,611
Board operations	1,772,678	1,511,319	652,143
Appropriation from councils	8,139,500	8,114,468	7,880,700
	60,521,441	62,787,758	62,118,143
Expenditures			
Regional Board Management	2,199,314	2,619,968	2,510,713
School administration and instruction	39,341,011	40,026,440	40,151,536
Property service	6,979,657	7,783,767	6,763,994
Student transportation	5,137,972	5,398,115	5,001,326
Special education	5,240,487	5,488,155	5,046,195
Capital expenditures and repayments	1,540,288	1,629,924	2,501,124
Cafeteria	95,000	92,143	178,173
	60,533,729	63,038,512	62,153,061
Current year operating	(12,288)	(250,754)	(34,918)
Surplus of previous year	12,288	12,288	47,206
Excess of revenue over expenditure			12,288
(deficit)	—	$ (238,466)	$ 12,288

Statement of Continuity of Surplus (Deficit)
Year Ended March 31, 2001

	2001	2000
Balance, beginning of year (deficit)	$ 12,288	$ 47,206
Add:		
Current year surplus (deficit)	(238,466)	12,288
	(226,178)	59,494
Deduct:		
Surplus of prior year included in revenue	12,288	47,206
Balance, end of year	$ (238,466)	$ 12,288

STRAIT REGIONAL SCHOOL BOARD

Capital Fund Balance Sheet
March 31, 2001

ASSETS

	2001	2000
Fixed assets, at cost		
Equipment and furnishings	$ 3,168,996	$ 3,284,936
School buses and other vehicles	3,459,560	4,828,769
School buildings and improvements	34,354,558	38,171,731
	$ 40,983,114	$ 46,285,436

INVESTMENT IN CAPITAL ASSETS

	2001	2000
Investment in capital assets	$ 40,983,114	$ 46,285,436
	$ 40,983,114	$ 46,285,436

Statement of Continuity of Investment in Capital Assets
Year Ended March 31, 2001

	2001	2000
Balance, beginning of year	$ 46,285,436	$ 52,193,932
Capital purchases		
Buses and other vehicles	113,459	937,420
Equipment	676,309	615,399
	47,075,204	53,746,751
Retirement of assets and depreciation provision	6,092,090	7,461,315
Balance, end of year	$ 40,983,114	$ 46,285,436

STRAIT REGIONAL SCHOOL BOARD

Supplementary Detail of Revenue
Year Ended March 31, 2001

	2001 Budget	2001 Actual	2000 Actual
Province of Nova Scotia			
General formula and special	$ 45,462,600	$ 45,701,600	$ 42,063,747
Transportation - operating	—	—	4,801,600
Property service	—	—	371,487
Professional Development	—	—	66,800
Special education	2,978,000	2,978,000	2,978,000
Textbook credit allocation	526,900	543,277	460,097
Emergency capital	—	345,039	80,554
Capital bus purchase	—	—	609,000
Special programs and projects	624,518	2,440,104	863,404
	$ 49,592,018	$ 52,008,020	$ 52,294,689
Government of Canada			
Indian and Northern Affairs	$ 922,950	$ 975,337	$ 922,975
Minority language	33,000	42,859	29,422
Special programs and projects	61,295	135,755	338,214
	$ 1,017,245	$ 1,153,951	$ 1,290,611
Board Operations			
Cafeterias	$ 95,000	$ 91,209	$ 163,394
Investment income	40,000	71,417	88,422
Program and rental income and sale of assets	144,678	116,114	342,131
Other, including P3 management fee	1,493,000	1,232,579	58,196
	$ 1,772,678	$ 1,511,319	$ 652,143

STRAIT REGIONAL SCHOOL BOARD

Supplementary Details of Expenditure
Year Ended March 31, 2001

	2001		2000
	Budget	Actual	Actual
Regional Board Management			
Salaries and wages			
Administrative and clerical	$ 1,207,419	$ 1,431,755	$ 1.394,100
Board Members	88,800	88,800	85,800
Employee benefits	198,133	287,078	198,720
Supplies, materials and equipment	153,000	160,699	198,606
Telephone and data transmission	72,000	67,062	78,532
Staff travel and conference expenses	100,400	142,259	198,753
Liability insurance	89,012	89,012	80,920
Professional fees	106,000	170,642	95,087
Bank service and overdraft charges	10,000	31,783	2,641
Board members expense	91,550	93,323	92,067
NSSBA Dues	39,000	25,994	59,713
Other, including computer services & election	44,000	31,561	25,774
	$ 2,199,314	$ 2,619,968	$ 2.510,713
School Administration and Instruction			
Salaries and wages			
Administration	$ 4,175,493	$ 3,370,612	$ 4.062,643
Instruction	26,219,277	26,483,866	25.490,864
Guidance	637,013	818,890	690,121
Library	572,569	583,763	657,982
Substitutes	1,082,765	1,162,314	1,142,574
Clerical	1,091,149	1,158,992	1.139,148
Lunch and bus supervision	270,000	272,451	308,581
Employee benefits including professional development	2,688,159	2,636,101	3.400,411
Supplies, materials and telephone	1,241,500	1,447,376	982,516
Textbook credit allocation	526,900	544,221	458,942
Travel and in service	100,734	103,001	115,131
Other programs and projects (Note 4)	735,452	1,444,853	1,702,623
	$ 39,341,011	$ 40,026,440	$ 40,151,536
Property Service			
Salaries and wages	$ 3,226,275	$ 3,329,288	$ 3,214,298
Employee benefits	494,132	529,229	454,329
Insurance	171,600	170,879	155,344
Utilities	2,206,000	2,650,301	2,128,307
Supplies and materials	648,950	654,831	626,324
Telephone, travel, contracted services & other	232,700	449,239	185,392
	$ 6,979,657	$ 7,783,767	$ 6,763,994

Supplementary Details of Expenditure (continued)
Year Ended March 31, 2001

Student Transportation			
Salaries and wages	$ 3,299,704	$ 3,541,211	$ 3,351,892
Employee benefits	534,768	547,558	509,828
Travel	23,500	13,846	17,299
In-service	23,000	6,695	6,075
Vehicle operating			
Gas and oil	572,000	668,547	496,005
Tires	75,000	77,985	78,781
License fees	60,000	57,714	57,517
Insurance	47,000	44,413	41,040
Repairs and maintenance	275,000	282,679	264,229
Garage maintenance, supplies and utilities	133,000	71,441	79,468
Contract conveyance, telephone and other	95,000	86,026	99,192
	$ 5,137,972	$ 5,398,115	$ 5,001,326
Special Education			
Salaries and Wages			
Administration	$ 76,638	$ 77,815	$ 71,401
Instruction	2,581,443	2,812,115	2,495,142
Professional services	438,855	411,462	530,507
Student Program assistants	1,612,925	1,663,356	1,475,793
Clerical	33,990	26,893	7,979
Employee benefits	400,886	412,940	355,186
Supplies, materials and telephone	45,750	35,944	37,796
Travel and conference	50,000	47,630	72,391
	$ 5,240,487	$ 5,488,155	$ 5,046,195
Capital Expenditures and Repayments			
Regional Board management - equipment	$ 21,000	$ 50,785	$ 28,150
School administration & instruction - equipment	583,309	434,749	541,642
Property service			
Capital repairs and projects	665,140	901,285	578,683
Stabilization loans	85,380	—	89,319
Vehicles	—	—	78,591
Municipal Finance Loan	—	—	64,063
Bridge financing	—	—	216,240
Student transportation			
Buses	88,459	178,160	842,464
Vehicle	25,000	24,311	16,365
Equipment	72,000	40,634	41,115
Special education equipment	—	—	4,492
	$ 1,540,288	$ 1,629,924	$ 2,501,124
Cafeteria			
Salaries and wages	$ 45,000	$ 43,150	$ 85,306
Employee benefits	5,000	4,708	9,780
Supplies and expenses	45,000	44,285	83,087
	$ 95,000	$ 92,143	$ 178,173

Notes to Financial Statements
Year Ended March 31, 2001

1. Significant accounting policies and principles

These financial statements have been prepared to conform in all material respects, to the accounting principles prescribed by the Nova Scotia School Board Financial Handbook.

(a) Financial Statement Presentation:
The financial statements of the Board have been prepared in accordance with the fund basis of accounting.

(b) Revenue and Expenditure Recognition:
Major revenues and expenditures are recorded on the accrual basis. Fixed assets acquired with operating funds are recorded as an expenditure when incurred. Non teacher salaries are accrued at year end but teacher salaries are not, so that 195 teaching days salary is recorded as an expense. Outstanding purchase orders are accrued and recorded as payables at year end. The cost of inventories of supplies and materials is not recognized at year end, extraordinary circumstances excepted.

(c) Fixed Assets are recorded at undepreciated cost. The cost of Assets received from various in the counties of Antigonish, Guysborough, Inverness and Richmond on January 1, 1982 were treated as additions to the investment in capital assets of the respective new boards formed at the time. On January 1, 1996 the Antigonish District School Board, the Guysborough County District School Board, the Inverness District School Board and the Richmond District School Board were amalgamated to form the Strait Regional School Board. Land and buildings involved in this agreement remain assets of the original municipal units but will be under the operational control of the Strait Regional School Board until such time as the Board no longer requires them for school purposes. At that time, control will revert back to the appropriate municipality.

Depreciated is calculated using the reducing balance method using rates prescribed by Canada Customs and Revenue Agency.

2. Service Awards

Under the terms of the collective agreement between the Nova Scotia Teachers Union and the Strait Regional School Board, the Board is required to pay service awards in accordance with Article 12 of the agreement as follows:

12.1 A Service Award/Death Benefit shall be paid to a teacher who has been employed by the board for ten (10) or more consecutive years and ceases employment with the Board or dies in the service of the Board.

12.2 For all teachers in the former Antigonish District School Board who were hired prior to January 13, 1989, the award shall be calculated as follows:

(a) For at least ten (10) years of service with the Board, nine percent (9%) of the annual rate of salary applicable to the teacher according to certificate and experience on the last day of employment with the Board:
(b) For at least fifteen (15) years of service with the Board, fourteen percent (14%) of the salary pursuant to Article 12.2 (a);
(c) For at least (20) years of service with the board, nineteen percent (19%) of the salary pursuant to Article 12.2 (a); and
(d) For at least twenty-five (25) years of service with the Board, twenty-three (23%) of the salary pursuant to Article 12.2 (a).

12.3 For all teachers in the former Inverness District School Board Region who were hired prior to January 1, 1999, the award shall be calculated as follows:

The Service Award/Death Benefit shall be calculated at the rate of zero decimal six percent (0.6%) for each year of service with the Board multiplied by the annual rate of salary applicable to the teacher according to certificate and experience on the last day of employment with the Board;

12.4 For all teachers hired by the former Antigonish District School Board Region after January 13, 1989, for all teachers hired by the former Inverness District School Board Region after January 1, 1999, for all teachers employed by the former Richmond District School Board and the former Guysborough District School Board and for all other teachers hired by the Strait Regional School Board after January 1, 1996, the award shall be calculated as follows:

(a) For at least ten (10) years of service with the Board, the sum of twenty-six hundred dollars ($2,600.00); and
(b) For each additional year thereafter, the sum of two hundred sixty dollars ($260.00) per year of service to a maximum of seventy-eight hundred dollars ($7,800.00) upon completion of thirty (30) years of service.

12.5 A teacher shall be entitled to file with the Board, a written Designation of Beneficiary for the purpose of the payment of a Service Award/Death Benefit pursuant to a teacher who dies in the service of the Board.

12.6 The Service Award/Death Benefit shall be paid in one (1) lump sum or in equal monthly instalments at the option of the teacher.

12.7 Notwithstanding the provisions of this article, the Board shall advance, at least (30) days prior to the effective date of the teacher's resignation, to the Pension Services Group for the purposes of purchasing past service, the lesser of:
(a) The full Service Award/Death Benefit available to the teacher; or
(b) The actual amount required by the Pension Fund for the purpose of past service.

12.8 The following conditions must be met before funds shall be released pursuant to Article 12.7:

(a) The teacher has resigned his/her position;
(b) The teacher requests the Board, in writing, to release the funds; and
(c) The teacher files with the Board, a letter from the Pension Services Group stating the amount of funds required to purchase the past service.

12.9 Service Award/Death Benefits shall be due and payable immediately after the necessary documentation is supplied.

3. Early Retirement Program

The Early Retirement Plan (1994-1998) resulted in the regional school board providing the Teachers' Pension Plan with a promissory note for the outstanding funding obligation associated with the teachers retiring under the plan. During the year ended March 31, 2001 the Province of Nova Scotia made payments on behalf of the regional school board to fulfill the annual obligation due under the provisions of the plan.

During the 2000-01 fiscal year the Province of Nova Scotia assumed full responsibility for the Early Retirement Plan (1994-1998).

4. School Administration and Instruction - other programs and projects

	Budget	2001 Actual	2000 Actual
Sensen - Alin	$ —	$ 407,421	$ 265,994
HRDC - interns	—	—	281,692
IEI project	—	268,800	205,091
French special projects000	273,941	286,802	327,448
Minority official language	33,000	36,362	30,559
Mulgrave PD Centre	145,663	148,942	174,747
Adult education	—	241	861
Distance education	203,040	227,216	325,658
Venture centre	54,000	53,660	81,506
Middle school	25,808	15,409	9,067
	$ 735,452	$ 1,444,853	$ 1,702,623

AUDITOR'S REPORT

To the Minister Responsible for Sydney Environmental Resources Limited

I have audited the operating fund balance sheet of Sydney Environmental Resources Limited for the year ended March 31, 2001, and the statement of revenue and expenditures for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2001, and the results of its operations for the year then ended, in accordance with generally accepted accounting principles except as disclosed in Note 3.

JOHN NASH
Chartered Accountant

April 24, 2001

SYDNEY ENVIRONMENTAL RESOURCES LIMITED

Balance Sheet
as at March 31, 2001

ASSETS

	2001	2000
Current		
Cash	$ 127,044	$ 183,820
Accounts receivable	77,901	42,784
Prepaid expenses		
Operations	50,000	—
Asbestos abatement project (Note 4)	69,781	—
	$ 324,726	$ 226,604

LIABILITIES

	2001	2000
Current		
Accounts payable and accrued liabilities	$ 293,184	$ 146,662
Due to Province of Nova Scotia (Note 5)	31,541	79,941
	324,725	226,603

EQUITY

	2001	2000
Share capital (Note 9)	1	1
	$ 324,726	$ 226,604

Commitments (Note 8)

Statement of Revenue and Expenditures
Year Ended March 31, 2001

	2001	2000
Operating revenue	$ 1,854,400	$ 1,890,953
Operating expenditures		
Civic taxes	3,329	3,348
Directors' fees	10,142	11,152
Health, safety and environmental	162,663	227,558
Incineration plant operation and maintenance	52,898	48,538
Incineration plant overhead	185,476	205,721
Site security and other community costs	385,995	343,151
Office	21,288	19,418
Professional fees	15,159	9,619
Public information	44,585	50,498
Rent	32,500	27,849
Salaries and benefits	836,723	809,732
Technical services	86,156	113,724
Telephone	9,466	10,336
Travel	8,020	10,309
	1,854,400	1,890,953
Excess revenue over expenditures	$ —	$ —

SYDNEY ENVIRONMENTAL RESOURCES LIMITED

Notes to the Financial Statements
Year Ended March 31, 2001

1. AUTHORITY AND OBJECTIVE

The Company was incorporated under the Nova Scotia Companies Act on July 10, 1990. It was established as a crown corporation of the Province of Nova Scotia by Order-in-Council on March 26, 1991. On January 7, 1998 the company changed its name from Sydney Tar Ponds Clean- Up Inc. to Sydney Environmental Resources Limited.

Its current objective is to utilize its resources in emerging community based environmental initiatives.

2. CONTINUATION OF THE BUSINESS

The accompanying financial statements have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The continuation of the Company is dependent upon obtaining necessary funding from the Province of Nova Scotia and/or the Government of Canada.

3. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles except as outlined below:

a) Financing

The Company, an agency of Her Majesty, receives legislative appropriations for operating expenditures. These appropriations are reflected as operating grants to the extent of operating expenditures. Any excess appropriations are accounted for as deferred operating grants. Consequently, the Company does not have any equity.

b) Capital Assets

In accordance with funding requirements, the cost of capital assets are accounted for as current operating expenditures.

4. ASBESTOS ABATEMENT PROJECT

The company has undertaken an Asbestos Abatement Project on its operating site in which it has entered in separate funding agreements with the Province of Nova Scotia for $968,000 and Human Resources Development Canada for $92,000. Total expenditures to March 31, 2001 were $582,711 while $512,930 was received from the funding partners, resulting in a net receivable of $69,781.

Expenditures are summarized as follows:

Wages and benefits	$	357,084
Supplies		111,870
Equipment		45,569
Asbestos disposal		32,371
Air monitoring		19,784
Employee training		16,033
	$	582,711

5. DUE FROM PROVINCE OF NOVA SCOTIA

The payable to the Province of Nova Scotia as at March 31, 2001 represents operating funding received for the year ended March 31, 2001 in excess of operating expenditures.

6. RELATED PARTY TRANSACTIONS

During the year, the Company received a net current operating grant of $1,854,400 (2000 - $1,890,953) from the Province of Nova Scotia.

In addition to the above-noted related party transactions, the Company is related in terms of common ownership to all Province of Nova Scotia created departments, agencies and crown corporations. The Company enters into transactions with these entities in the normal course of business.

7. COMPENSATION LEGISLATION

The Company has complied with the provisions of the Public Sector Compensation Act.

8. COMMITMENTS

a) Operations

The Company has committed to the Province of Nova Scotia, that it will run its affairs in accordance with Provincial standards. Its operations will be accountable to the Province through the Minister responsible for Sydney Environmental Resources Limited.

b) Land Lease

The Company has entered into an agreement with Canadian National Railway Company to lease approximately 46 acres of land for an annual rental of $1.00. The land gives the Company access to the Sydney Tar Ponds. The Company undertakes not to further contaminate any leased lands. The lease expires October 31, 2001.

c) Sydney Steel Corporation

The Company has undertaken to hire displaced Sydney Steel Corporation employees.

9. SHARE CAPITAL

Authorized	
50,000 common shares with no par value	
Issued	
1 Share at $1	$ 1

AUDITORS' REPORT TO THE DIRECTORS

We have audited the statement of net assets in liquidation of Sydney Steel Corporation as at December 31, 2000, the balance sheet as at December 31, 1999 and the statements of loss, shareholder's equity (deficiency) and cash flows for the year ended December 31, 2000. These financial statements are responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

As described in Note 2 to the financial statements, the Corporation has changed its basis of accounting as of December 31, 2000 from the going concern basis to the liquidation basis.

Note 7 to the financial statements describes the Province's commitment of directly assume legal responsibility for unfunded pension costs and obligations and directly assume legal responsibility for environmental matters related to the Sysco site. In as much as the Corporation has not disclosed in the statement of loss the obligations related to these matters nor has it disclosed in the statement of shareholder's equity (deficiency) the offsetting contribution by the Province to discharge these obligations, the financial statements are not in accordance with Canadian generally accepted accounting principles.

In our opinion, except for the effects of the departure described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1999, the net assets in liquidation as at December 31, 2000 and the results of its operations and its cash flows for the year ended December 31, 2000 in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Sydney, Canada
February 28, 2001

SYDNEY STEEL CORPORATION

Statement of Net Assets in Liquidation
December 31, 2000

ASSETS

		(in thousands)
Current assets:		
Cash	$	20,484
Accounts receivable		3,468
Contribution receivable from Province of Nova Scotia		12,315
Inventories		4,492
		40,759
Property, plant and equipment:		
Land, buildings and equipment, at cost		441,298
Less accumulated depreciation and write-downs		441,297
		1
Total assets	$	40,760

LIABILITIES

Current liabilities		
Trade payables	$	1,143
Wages, benefits and severances payable		9,851
Provision for estimated remaining closure costs		3,316
Total liabilities	$	14,310
Net assets in liquidation	$	26,450

SYDNEY STEEL CORPORATION

Balance Sheet
December 31, 1999

ASSETS

		(in thousands)
Current assets:		
Cash	$	13
Accounts receivable		9,538
Inventories		53,887
Prepaid expenses		1,657
		65,095
Property, plant and equipment:		
Land, buildings and equipment		441,231
Less accumulated depreciation and write-downs		(415,896)
		25,335
	$	90,430

LIABILITIES AND SHAREHOLDER'S DEFICIENCY

Current liabilities		
Cheques issued in excess of funds on deposit	$	2,648
Demand loans, guaranteed by the Province of Nova Scotia		142,047
Demand loans, secured by charge on inventory		13,315
Trade payables		15,260
Wages and benefits payable		4,488
		177,758
Accrued pension obligation		40,800
Shareholder's deficiency:		
Contributed surplus		523,018
Deficit		(651,146)
		(128,128)
	$	90,430

See accompanying notes to financial statements.

SYDNEY STEEL CORPORATION

Statement of Loss
Year Ended December 31, 2000, with comparative figures for 1999

	2000 (in thousands)	1999
Sales	$ 66,335	$ 85,865
Expenses and other income:		
Manufacturing	58,495	83,004
Repairs and maintenance	5,284	18,350
Administrative and selling	6,546	8,729
Interest on short-term borrowing	2,534	7,260
Interest on unfunded pension obligations (note 5)	3,264	3,000
Depreciation.	3,305	2,955
Other income	(1,337)	(2,944)
	78,091	120,354
Loss before below-noted items	11,756	34,489
Special closure costs:		
Severances	12,315	—
Provision for write down of inventories	6,205	—
Provision for write down of capital assets	22,096	—
Provision for estimated remaining closure costs	3,316	—
	43,932	—
Loss for the year.	$ 55,688	$ 34,489

Statement of Shareholder's Equity (Deficiency)
Year Ended December 31, 2000, with comparative figures for 1999

	Accumulated deficit	Contributed surplus	Total
Balance, January 1, 1999	$ (616,657)	$ 523,018	$ (93,639)
Loss for the year.	(34,489)	—	(34,489)
Balance, December 31, 1999	(651,146)	523,018	(128,128)
Loss for the year.	(55,688)	—	(55,688)
Contributions by the Province of Nova Scotia (note 6).	—	210,266	210,266
Balance, December 31, 2000.	$ (706,834)	$ 733,284	$ 26,450

See accompanying notes to financial statements.

SYDNEY STEEL CORPORATION

Statement of Cash Flows
Year Ended December 31, 2000, with comparative figures for 1999

	2000	1999
Cash provided by (used in):		
Operations:		
Loss for the year	$ (55,688)	$ (34,489)
Items not involving cash:		
Depreciation	3,305	2,955
Interest on unfunded pension obligations	3,264	3,000
Provision for write down of inventories	6,205	—
Provision for write down of capital assets	22,096	—
Provision for estimated remaining closure costs	3,316	—
Change in non-cash operating working capital :		
Decrease (increase) in accounts receivable	6,070	(2,732)
Decrease (increase) in inventories	43,190	(15,218)
Decrease (increase) in prepaid expenses	1,657	(618)
Increase (decrease) in trade payables	(14,117)	561
Increase in wages, benefits and severances payable	5,363	739
	24,661	(45,802)
Financing:		
Repayment of demand loans	(155,362)	—
Increase in demand loans	—	51,677
Capital contributions by Province of Nova Scotia	153,887	—
	(1,475)	51,677
Investments:		
Expenditures on property, plant and equipment	(67)	(2,895)
Increase in cash position	23,119	2,980
Cash position, beginning of year	(2,635)	(5,615)
Cash position, end of year	$ 20,484	$ (2,635)

Cash position is defined as cash net of cheques issued in excess of funds on deposit.

See accompanying notes to financial statements.

SYDNEY STEEL CORPORATION

Notes to Financial Statements
Year Ended December 31, 2000

Sydney Steel Corporation is a Crown Corporation incorporated by special act of the Province of Nova Scotia. Its principal business activities include the manufacturing of steel products.

1. Future operations:

The Corporation (Sysco) is wholly owned by the Province of Nova Scotia (the Province).

On January 28, 2000 Sysco and the Province appointed Ernst & Young Inc. as agent with a mandate to sell the business or assets of the Corporation as a going concern or in any other manner.

On June 21, 2000, Sysco and the Province signed a tentative agreement with Duferco Steel (Nova Scotia) Limited (Duferco) which would have resulted in Duferco acquiring substantially all Sysco's assets and maintaining operations as a going concern. In early January 2001, Duferco withdrew from the agreement and the Province has indicated its intent to liquidate the assets of the Corporation.

2. Basis of presentation:

For the period January 1, 2000 to December 30, 2000, Sysco's operations are reflected on a going concern basis. As a result of the terminated Duferco agreement and subsequent decision to liquidate the assets of the Corporation, the Corporation changed its basis of accounting for its financial statements as of December 31, 2000 from the going concern basis of accounting to the liquidation basis of accounting in accordance with generally accepted accounting principles Consequently, assets have been valued at estimated net realizable values and liabilities are presented at their estimated settlement amounts, including costs associated with carrying out the liquidation. The actual realization of assets and settlement of liabilities could be higher or lower than amounts indicated and are based upon management's estimates as of December 31, 2000.

Differences between the stated amounts and actual cash transactions will be recognized in the period in which they can be determined.

3. Use of estimates and measurements uncertainties:

The preparation of the financial statements of the Corporation in accordance with Canadian generally accepted accounting principles, including those applicable to the liquidation basis of accounting, requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Significant estimates include fair values of assets held for liquidation, collectibility of accounts receivable and future liability settlement amounts. Actual results may differ from amounts estimated.

4. Plan of liquidation:

Consequent with the termination of Duferco agreement, the Province and Sysco authorized Ernst & Young Inc. to call for proposals for the purchase or liquidation of the Company's assets. Responses are expected in late March, 2001 and the outcome of this process will dictate the nature and form of the final liquidation plan.

5. **Pension cost and obligations:**

The Corporation contributes to defined benefit plans on behalf of virtually all employees. Pursuant to a prior agreement, the Province had agreed to assume responsibility for pension costs and obligations of the Corporation accrued up to December 31, 1994. At that date, the Province became indebted to the plans in an amount equal to the estimated unfunded obligations at that time. Since January 1, 1995, the total pension expense recorded by the Corporation has been as follows:

Year ended	Current service	Plan amendments	Interest on unfunded obligations	Total
		(in thousands)		
December 31, 1995.......	$ 634	$ —	$ —	$ 634
December 31, 1996.......	501	—	—	501
December 31, 1997.......	648	35,000	—	35,648
December 31, 1998.......	1,462	—	2,800	4,262
December 31, 1999.......	1,604	—	3,000	4,604
December 31, 2000.......	833	—	3,264	4,097

a) Current service:

Current service costs represent the cost of pension benefits provided in exchange for employees services rendered in the current period and for which the Corporation funds on a cash basis.

b) Plan amendments:

In 1997 the Corporation negotiated labor agreements which resulted in enhancements to its pension plans. The net present value of benefits related to the enhancements was estimated at $35 million and the Corporation, in contemplation of divestiture, had included the full estimated cost of the enhancements separately in the 1997 Statement of Loss and accrued pension obligations.

c) Interest on unfunded obligations:

Because the Corporation had not yet provided funding for the $35 million cost of 1997 plan amendments, the Corporation has included in the determination of income and in accrued pension obligations additional amounts of $3.3, $3.0 and $2.8 million respectively in 2000, 1999 and 1998 representing interest on the unfunded obligations.

An actuarial review of the pension plans carried out as a December 31, 1999 indicated that pension plan liabilities exceeded pension plan assets by some $102 million (of this amount, $40.8 million had been included in accrued pension obligations at December 31, 1999).

In addition, during the year 2000 the Company negotiated further pension enhancements having an estimated net present value of approximately $40 million.

The province of Nova Scotia has agreed to accept responsibility for all unfunded pension plan obligations accrued up to the time of closure.

In its financial statements, the Corporation has accounted only for the current service, the 1997 plan amendments and interest on unfunded obligations described above and has recorded a transfer of $44.1 million of accrued pension obligations at December 31, 2000 to the Province (see note 6).

The Corporation has not accounted for the incurrence nor subsequent transfer to the Province of the estimated remaining pension costs consisting principally of unfunded obligations measured at and since December 31, 1999 together with the cost of pension benefits negotiated during fiscal 2000 (see note 7).

6. Contributions by the Province of Nova Scotia

During the year, the Province made the following capital contributions to the Company:

• Contributions to the Corporation principally to assist in repaying bank indebtedness guaranteed by the Province	$	153,887
• Contributions to the Corporation principally to assist meeting severence obligations		12,315
• Assumption of pension obligations accrued in the accounts of the Corporation at December 30, 2000		44,064
	$	210,266

7. Other transactions with the Province of Nova Scotia

a) Pension costs:

As described in notes 5 and 6, the Province has directly assumed responsibility for certain of the Corporation's pension costs and obligations. As a result, the Corporation has accounted for neither the incurrence of such costs in its Statement of Loss nor the subsequent capital contribution by the Province in assuming responsibility for the costs.

b) Environmental matters:

The Province of Nova Scotia has agreed to assume direct legal responsibility for any Sysco site environmental issues and consequently, management has not attempted to quantify any environmental obligations. As a result, the Corporation has accounted for neither the incurrence of such costs in its Statement of Loss nor the subsequent capital contribution by the Province in assuming responsibility for the costs.

Unaudited

TIDAL POWER CORPORATION

Balance Sheet
as at March 31, 2001

	2001	2000
Assets		
Current Assets		
Bank	$ 43,672	$ 41,615
Fixed Assets		
Office furniture	7,178	7,178
Less Accumulated Depreciation	4,068	3,709
	3,110	3,469
Computer Equipment	4,875	4,875
Less Accumulated Depreciation	2,922	2,435
	1,953	2,440
Total Assets	$ 48,735	$ 47,524
Liability		
Liabilities	$ —	$ —
Equity		
Opening retained earnings	47,524	46,778
Current earnings	1,211	746
Closing retained earnings	48,735	47,524
Long Term Liabilities/Equity	$ 48,735	$ 47,524

Income Statement
for the year ended March 31, 2001

	2001	2000
Revenue		
Investment income	$ 2,075	$ 1,592
Total revenue	$ 2,075	$ 1,592
Expenses		
Administration-Bank charges	$ 18	$ —
Depreciation Expense		
Furniture/Equipment	359	359
Computer	487	487
Total Expenses	$ 864	$ 846
Net Income	$ 1,211	$ 746

Unaudited

TIDAL POWER CORPORATION

Schedule of Interest and Charges
year ended March 31, 2001

Month	Interest	Charges
April	$ 153.86	$ —
May	159.62	—
June	172.28	—
July	178.69	—
August	179.51	—
September	174.39	—
October	180.99	—
November	175.92	—
December	182.49	—
January	183.28	—
February	157.96	—
March	175.52	17.50
Total	$ 2,074.51	$ 17.50

Notes to Financial Statements
March 31, 2001

1. Authority

The Tidal Power Corporation was established by the Tidal Power Corporation Act which came into force on April 22, 1971. The object of the Corporation is to obtain, for Nova Scotia, the maximum benefit which may be derived from exploitation of tidal power and undertakings which are ancillary to, connected with, or may arise as a result of exploitation.

2. Significant Accounting Policies

Fixed Assets

Fixed assets are stated at cost. Depreciation is provided on a straight-line basis at an annual rate of 5% for office furniture and 10% for computer equipment.

AUDITORS' REPORT TO THE SHAREHOLDER

We have audited the balance sheet of Trade Centre Limited as at March 31, 2001 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Halifax, Canada
June 1, 2001

TRADE CENTRE LIMITED

Balance Sheet

March 31, 2001, with comparative figures for 2000

ASSETS

	2001	2000
Current assets:		
Cash and cash equivalents	$ 2,670,673	$ 3,002,191
Accounts receivable (note 2)	2,052,557	1,707,363
Inventories	125,585	115,425
Prepaid expenses	43,741	41,349
	4,892,556	4,866,328
Property and equipment (note 3):		
Land, building, furniture and equipment and tenant leaseholds	38,593,751	38,073,897
Less accumulated depreciation and amortization	(21,595,912)	(20,063,827)
	16,997,839	18,010,070
	$ 21,890,395	$ 22,876,398

LIABILITIES AND SHAREHOLDER'S EQUITY

	2001	2000
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,455,562	$ 1,207,016
Due to the Province of Nova Scotia	561,065	608,909
Event deposits	497,166	484,870
Deferred revenue	16,443	46,103
	2,530,236	2,346,898
Shareholder's equity:		
Capital stock:		
Authorized: 1,000,000 common shares without par value		
Issued and outstanding: 100 common shares	100	100
Contributed surplus (note 4)	45,173,101	45,173,101
Deficit	(25,813,042)	(24,643,701)
	19,360,159	20,529,500
	$ 21,890,395	$ 22,876,398

Commitments (note 5)
Contingencies (note 6)

See accompanying notes to financial statements.

TRADE CENTRE LIMITED

Statement of Operations and Deficit
Year ended March 31, 2001, with comparative figures for 2000

	2001	2000
Revenues:		
Convention Centre	$ 5,122,152	$ 5,190,150
Office Tower	2,124,192	1,982,222
Exhibition Park	1,196,062	—
World Trade Centre and Windows	659,149	627,766
Halifax Regional Municipality Convention Centre Subsidy (note 8)	471,925	457,292
	9,573,480	8,257,430
Expenses:		
Event expenses	3,343,843	2,984,636
Salaries, wages and benefits	2,084,013	1,765,278
Administration	648,779	560,446
Advertising and marketing	652,359	579,133
Maintenance	857,844	598,699
Energy	810,856	493,181
Taxes and insurance	896,967	815,515
	9,294,661	7,796,888
Income before other items	278,819	460,542
Other income:		
Gain on disposal of assets	5,440	—
Interest income on short-term investments	160,985	176,216
Pension contribution holiday	—	98,682
	166,425	274,898
	445,244	735,440
Other expenses:		
Depreciation and amortization	1,547,111	1,556,937
Loss for the year	(1,101,867)	(821,497)
Deficit, beginning of year	(24,643,701)	(23,822,204)
Change in accounting policy (note 1 (g))	(67,474)	—
Deficit, end of year	$ (25,813,042)	$ (24,643,701)

See accompanying notes to financial statements.

TRADE CENTRE LIMITED

Statement of Cash Flows
Year ended March 31, 2001, with comparative figures for 2000

	2001	2000
Cash provided by (used in):		
Operations:		
Loss for the year	$ (1,101,867)	$ (821,497)
Items not involving cash:		
Depreciation and amortization	1,547,111	1,556,937
Gain on disposal of assets	(5,440)	—
Change in non-cash operating working capital	(241,882)	71,938
	197,922	807,378
Investments:		
Proceeds on disposal of furniture and equipment	10,511	—
Purchase of property and equipment	(539,951)	(1,992,985)
	(529,440)	(1,992,985)
Decrease in cash and cash equivalents	(331,518)	(1,185,607)
Cash and cash equivalents, beginning of year	3,002,191	4,187,798
Cash and cash equivalents, end of year	$ 2,670,673	$ 3,002,191

See accompanying notes to financial statements.

TRADE CENTRE LIMITED

Notes to Financial Statements
Year ended March 31, 2001

The Trade Centre Limited is incorporated under the laws of the Province of Nova Scotia and its principal business activities include the operation of a trade and convention centre, leasing of office and commercial space and the operation of Exhibition Park. Trade Centre Limited is a government business-type enterprise as defined by Public Sector Accounting and Assurance Recommendations.

1. **Significant accounting policies:**

(a) Divisional operations:

The Trade Centre Limited consists of four divisions; the Convention Centre, the Office Tower, Exhibition Park and the World Trade Centre. Revenue and expenses are recorded on the accrual basis.

(b) Cash and cash equivalents:

Cash and cash equivalents include amounts on deposit with financial insititutions and investments with maturities of 90 days or less.

(c) Inventories:

Inventories are valued at the lower of cost and net realizable value.

(d) Property and equipment:

Property and equipment is stated at cost, net of government assistance. Depreciation and amortization is provided on the straight-line basis over the following terms:

Asset	**Rate**
Buildings	15 to 30 years
Furniture and equipment	3 to 5 years
Tenant leaseholds	Lease term

(e) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These significant estimates include the provision for the settlement of the Atlantic Winter Fair liabilities assumed upon taking over management of Exhibition Park. Actual results could differ from these estimates.

(f) Employee future benefits:

(i) Public service award:

Upon retirement, employees are eligible for a public service award equal to one week's salary per year of serivce to a maximum of six months salary. Management recognizes compensation expense on an accrual basis.

(ii) Pension Plan:

Full time employees of the Trade Centre Limited are members of the Nova Scotia Public Service Superannuation Plan. Accrued benefit obligations are recognized in the financial statements of the Province of Nova Scotia.

(g) Change in accounting policy

Trade Centre Limited has implemented Section 3461 of the CICA Handbook, Employee Future Benefits ("Section 3461") and has reported the cumulative effect of this change in the statement of operations and deficit as an adjustment to opening deficit for the year ended March 31, 2001. The change in accounting policy is for Public Service Awards, which were previously recognized as an expense when paid to retiring employees.

The cumulative effect of this change for Public Service Awards of $67,474 is determined as of April 1, 2000 and is reported separately in the statement of operations and deficit as a restatement of the opening balance.

2. Accounts receivable:

	2001	2000
Halifax Metro Centre	$ 675,941	$ 277,128
Due from Halifax Regional Municipality	471,925	457,292
Convention Centre events	404,161	657,567
Exhibition Park events	341,469	35,031
Events Halifax funding	183,717	95,014
World Trade Club	34,438	68,794
Other	19,669	17,675
Office Tower rents	—	149,983
	2,131,320	1,758,484
Less allowance for doubtful accounts	(78,763)	(51,121)
	$ 2,052,557	$ 1,707,363

3. Property and equipment:

	Cost	Accumulated depreciation and amortization	2001 Net	2000 Net
Land	$ 213,113	$ —	$ 213,113	$ 210,001
Building	33,636,231	17,466,038	16,170,193	17,013,032
Furniture and equipment	3,238,649	2,902,774	335,875	287,060
Tenant leaseholds	1,505,758	1,227,100	278,658	499,977
	$ 38,593,751	$ 21,595,912	$ 16,997,839	$ 18,010,070

4. Contributed surplus:

	2001	2000
Government of Canada	$ 2,750,000	$ 2,750,000
Halifax Regional Municipality	1,500,000	1,500,000
Province of Nova Scotia	40,923,101	40,923,101
	$ 45,173,101	$ 45,173,101

Contributed surplus consists of non-repayable grants from the three levels of government as set forth above to assist in the financing of the capital cost of the project. These grants have been treated as contributed surplus since they have been received by virtue of the Province of Nova Scotia's position as the sole shareholder of the Trade Centre Limited.

5. **Commitments:**

(a) Trade Centre Limited is committed to payments under operating leases with terms expiring between 2002 and 2004. Annual payments are as follows:

2002	$	48,625
2003		48,625
2004		26,109

(b) Trade Centre Limited has entered into a contract in which they have guaranteed a miminum profit in the amount of $3,000,000 to the Canadian Hockey Association in connection with the hosting of the world Junior Hockey Championship by the Halifax Metro Centre in 2003.

As of March 31, 2001, the event has sales commitments for approximately 7,000 ticket packages at $580 each, for a total of $4,060,000.

6. **Contingencies**

Trade Centre Limited is in a dispute with the Halifax Regional Municipality ("HRM") regarding an obligation to pay property taxes and grant-in-lieu of business occupancy taxes for Exhibition Park.

HRM has billed Trade Centre Limited approximately $266,000 for fiscal 2001 taxes for Exhibition Park. No amount has been accrued as it is management's position that, as a crown corporation, Trade Centre Limited is exempt from these items.

7. **Operating subsidy from the Halifax Regional Municipality:**

Pursuant to the Financing Agreement of May 14, 1982, the Halifax Regional Municipality makes an annual contribution to the operating deficit of the Convention Centre. In this respect, the Trade Centre Limited has recognized the contribution relating to the 2001 fiscal year in these financial statements.

8. **Related party transactions:**

The Trade Centre Limited rents significant office tower space to departments and agencies of the Province of Nova Scotia.

For the year ended March 31, 2001, rental revenue and tenant recoveries included $1,695,850 (2000 - $1,519,182) received from departments and agencies of the Province of Nova Scotia.

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

9. **Events Halifax:**

Events Halifax ("Eh!") is a new division of the Centre established in fiscal 2000. The purpose of Eh! is to provide marketing and promotion services for the benefit of bringing major sporting and cultural events to the Halifax Regional Municipality.

Convention centre revenue and advertising and marketing expense both include the amount of $209,245 (2000 - $165,635) relating to the operations of Eh!. Contributions in the amount of $15,645 (2000 - $24,088) have been deferred and included in deferred revenue.

Unaudited

TRANSPORTATION TRUST FUND

Continuity of Transportation Trust Fund
for the year ended March 31, 2001

		2001	2000
Balance, beginning of year		$ —	$ —
Add:	Revenue collected during year	35,629,724.00	38,211,162.63
		35,629,724.00	38,211,162.63
Deduct:	Refund of Payments	8,073,506.00	193,309.92
	Department of Transportation and Public Works Expenditures (Schedule 1)	23,458,818.78	25,080,401.87
	Transfer to consolidated Fund	4,112,095.22	12,937,450.84
		35,644,420.00	38,211,162.63
Balance - end of year		$ —	$ —

Transportation Trust Fund Expenditures
for the year ended March 31, 2001

Highway	2001	2000
101	$ 3,652,383.69	$ 1,721,786.36
102	4,576,798.11	2,446,125.49
103	1,221,732.75	4,176,993.11
104	5,791,201.59	8,509,456.62
105	3,188,878.48	2,668,029.29
106	157,966.05	—
107	160,000.00	2,629,926.88
111	297,368.21	9,737.77
113	500,000.00	66,474.50
118	—	1,667.90
125	3,840,319.80	2,816,664.89
142	—	—
Misc	72,170.10	33,539.06
Total Expenditure	$ 23,458,818.78	25,080,401.87

AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the balance sheet of Upper Clements Family Theme Park Limited as at March 31, 2001, and the statement of income and deficit for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2001 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. SALMON, F.C.A.
Auditor General

Halifax, Nova Scotia
May 9, 2001

UPPER CLEMENTS FAMILY THEME PARK LIMITED

Balance Sheet
as at March 31, 2001

	2001	2000
ASSETS		
Current		
Cash	$ 107	$ 1,904
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 4,680	$ 296
Current portion of long-term liability	—	813
	4,680	1,109
Long-term		
Workers' compensation benefits liability (Note 2)	—	10,436
Equity		
Capital stock	1	1
Contributed surplus (Note 3)	5,667,174	5,667,174
Deficit	(5,671,748)	(5,676,816)
	(4,573)	(9,641)
	$ 107	$ 1,904

Continguency (Note 5)

Statement of Income and Deficit
for the year ended March 31, 2001

	2001	2000
Revenue		
Contributions from the Province (Note 4)	$ 31,700	$ 24,000
Refund on Safety Deposit box.	—	40
	31,700	24,040
Expenses		
Professional fees	2,000	1,000
Workers' compensation benefits (Note 2)	32,037	26,522
Dues and fees	85	85
Miscellaneous	79	35
	34,201	27,642
Less: Adjustment to workers' compensation benefits (Note 2)	7,569	15,419
	26,632	12,223
Net Income	5,068	11,817
Deficit, beginning of year	(5,676,816)	(5,688,633)
Deficit, end of year	$ (5,671,748)	$ (5,676,816)

See accompanying notes to financial statements.

UPPER CLEMENTS FAMILY THEME PARK LIMITED

Notes to Financial Statements
March 31, 2001

1. Authority

The Upper Clements Family Theme Park Limited was created by Order-in-Council #88-17 for the purpose of assisting in the establishment and operation of a family theme park. On April 6, 1994 the Company transferred all of its fixed assets to its shareholder, the Province of Nova Scotia.

The Province has subsequently entered into leasing arrangements with third parties to continue the operations of the park, the latest effective February 1, 1997 to January 31, 2007. Revenue and costs associated with the lease arrangements are included in the accounts of the Province.

The Company's affairs are being managed by staff of the Department of Tourism and Culture, and it is not actively involved in the operation of the family theme park.

2. Significant Accounting Policies

(a) *Basis of Financial Statement Presentation*

These financial statements have been prepared in accordance with generally accepted accounting principles. A statement of cash flow is not provided since disclosure in the balance sheet and income statement is considered adequate.

(b) *Workers' Compensation Benefits*

This balance represents management's best estimate of the present value of the future payments required for workers' compensation benefits of a former employee. An adjustment to workers' compensation benefits occurs when changes are made to the assumptions used in estimating the long-term liability. During the 2001 fiscal year, a settlement was accepted by the individual receiving benefit payments which eliminated the long-term liability.

3. Contributed Surplus

The contributed surplus balance represents the Province of Nova Scotia's investment in the fixed assets of the park when it was created net of a reduction made in 1994 when the fixed assets were transferred to the Province. No gain or loss was realized on the transfer.

4. Economic Dependence and Related Party Transactions

The Province of Nova Scotia is a related party of the Company. The Company is economically dependent on contributions from the Province of Nova Scotia to continue operating. The extent to which this assistance will be received in the future has not been determined. Details of any transactions between the related parties are separately disclosed in the financial statements.

5. Contingent Liability

An individual, who incurred injuries while working at the park and was receiving workers' compensation benefits, received a lump sum settlement this year. At some point in the future, if the individual's condition becomes worse, additional workers' compensation benefits would be payable by the Company.

Unaudited

VICTIMS' ASSISTANCE FUND

Balance Sheet
as at March 31, 2001

ASSETS

	2001	2000
Cash	$ 292,274.87	$ 260,334.40
Investments	747,187.27	814,829.50
	$ 1,039,462.14	$ 1,075,163.90

LIABILITIES

	2001	2000
Fund	$ 1,039,462.14	$ 1,075,163.90

Continuity of Fund
for the year ended March 31, 2001

	2001	2000
Balance, beginning of year	$ 1,075,163.90	$ 1,079,392.59
Receipts:		
Investment income	37,311.33	35,310.24
Bank interest	19,392.77	16,795.85
Deposits	843,542.69	941,967.68
	900,246.79	994,073.77
Disbursements	(935,948.55)	(998,302.46)
Balance, end of year	$ 1,039,462.14	$ 1,075,163.90

Note to the Financial Statements
March 31, 2001

Investments at March 31,2001 consisted of the following:

$156,465.69 Honda Canada Finance 4.94% March 15, 2001 to April 26, 2001	155,581.68
596,942.25CIBC Banker's Acceptance 5.4% January 31, 2001 to April 2, 2001	591,605.59
	$ 747,187.27

AUDITORS' REPORT

To the Shareholder of
Waterfront Development Corporation Limited

We have audited the balance sheet of Waterfront Development Corporation Limited as at March 31, 2001 and the statements of earnings and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001, and the results of its operations and cash flows for the year ended in accordance with generally accepted accounting principles.

GRANT THORNTON LLP
Chartered Accountants

Halifax, Nova Scotia
May 11, 2001

WATERFRONT DEVELOPMENT CORPORATION LIMITED

Statement of Earnings and Retained Earnings
Year Ended March 31, 2001

	2001	2000
Revenue		
Rents	$ 2,790,989	$ 3,011,407
Recoveries	1,778	3,615
Interest income	11,327	9,932
Other income	25,941	21,125
Gain on sale of properties	307,484	
Grant revenue		
Non-owned infrastructure	—	196,762
	3,137,519	3,242,841
Property Expenses		
Property taxes	47,635	55,321
Operating	538,984	423,797
Depreciation and amortization	248,067	221,280
	834,686	700,398
Income before other items	2,302,833	2,542,443
Corporate expenses		
Directors fees and expenses	21,798	16,701
Doubtful accounts	3,519	1,442
Office operations	51,945	50,219
Professional fees		
Audit	12,050	9,500
Consultants	14,502	54,558
Planning study	72,321	109,337
Legal	15,066	12,941
Salaries and benefits	341,110	329,476
Waterfront promotions and public relations	8,229	14,677
	540,540	598,851
Loan interest		
Expense	805,126	743,259
Contributions from the Province of Nova Scotia	—	(302,400)
	805,126	440,859
Depreciation on facilities for public access	79,511	79,672
Contribution to non-owned infrastructure	6,136	315,362
	1,431,313	1,434,744
Net earnings	$ 871,520	$ 1,107,699
Retained earnings (deficit), beginning of year	$ 826,047	$ (2,486,652)
Net earnings	871,520	1,107,699
Transfer (to) from General Development Fund (Note 7)	(450,000)	2,205,000
Transfer to Infrastructure Renewal Fund (Note 8)	(400,000)	—
Retained earnings, end of year	$ 847,567	$ 826,047

See accompanying notes to the financial statements.

WATERFRONT DEVELOPMENT CORPORATION LIMITED

Balance Sheet
March 31, 2001

	2001	2000
ASSETS		
Receivables - trade	$ 180,122	$ 252,182
Notes receivable (Note 3)	112,176	148,821
Prepaids	24,054	20,987
Real estate and development projects (Note 4)	26,744,052	28,484,825
Deferred pension cost	11,791	12,697
	$ 27,072,195	$ 28,919,512
LIABILITIES		
Bank indebtedness (Note 5 and 9)	$ 149,024	$ 343,168
Payables and accruals	462,775	502,468
Deferred dock recovery	15,000	
Loan payable (Note 5)	10,100,000	12,600,000
	10,726,799	13,445,636
SHAREHOLDER'S EQUITY		
Capital stock (Note 6)	3	3
General Development Fund (Note 7)	1,350,000	900,000
Infrastructure Renewal Fund (Note 8)	400,000	
Contributed surplus	13,747,826	13,747,826
Retained Earnings	847,567	826,047
	16,345,396	15,473,876
	$ 27,072,195	$ 28,919,512

Commitments (Note 10)

See accompanying notes to the financial statements.

WATERFRONT DEVELOPMENT CORPORATION LIMITED

Statement of Cash Flows
Year Ended March 31, 2001

	2001	2000
Increase (decrease) in cash and cash equivalents		
Operating		
Net earnings	$ 871,520	$ 1,107,699
Gain on sale of property	(307,484)	—
Depreciation and amortization	327,578	300,952
	891,614	1,408,651
Change in non-cash operating working capital (Note 9)	45,206	(24,543)
	936,820	1,384,108
Financing		
Decrease in notes receivable, net	36,645	27,910
Decrease in capital grants receivable	—	706,048
Decrease in loan payable	(2,500,000)	(1,000,000)
	(2,463,355)	(266,042)
Investing		
Purchase of		
Equipment	(5,050)	(21,245)
Real estate and construction projects	(498,842)	(348,872)
Proceeds from sale of property	2,224,571	—
	1,720,679	(370,117)
Net increase in cash and cash equivalents	194,144	747,949
Bank indebtedness, net of cash and cash equivalents		
Beginning of year	(343,168)	(1,091,117)
End of year	$ (149,024)	$ (343,168)

See accompanying notes to the financial statements.

WATERFRONT DEVELOPMENT CORPORATION LIMITED

Notes to the Financial Statements
March 31, 2001

1. Nature of operations

The Corporation was declared a Provincial Crown Corporation by order of His Honour the Lieutenant Governor in Council No. 76-373 dated March 30, 1976.

The Corporation's mission is the stewardship, long term development and revitalization of the Halifax and Dartmouth waterfronts, including the encouragement of promotional activity to attract public attention and use of these areas.

2. Summary of significant accounting policies

Capitalization
All expenditures directly related to acquisition, renovation and development are included in the cost of real estate.

Government assistance
Government assistance for capital projects are accounted for as a reduction in the capital cost of the applicable project. Government assistance related to the cost recovery of overhead costs are accounted for as grant revenue.

Income taxes
As a Provincial Crown Corporation, the Corporation is exempt from income taxes under the provisions of The Income Tax Act.

Depreciation

Building and equipment
Assets are depreciated on a straight line basis over their useful life, but not greater than 50 years, at rates between 2% and 33.3% per annum.

Long-term lease
The cost of the lease referred to in Note 4 is amortized over its term.

Development costs
Costs for projects constructed on Corporation lands are capitalized and depreciated at 2% per annum.

Use of estimates
In preparing the Corporation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Bank indebtedness and cash equivalents
Bank indebtedness is comprised of cash on hand, cash held in banks and an operating line of credit.

3. Notes receivable

	2001	2000
Note receivable bearing interest at 7%, repayable in blended monthly payments of $1,185, maturing March 2002, secured by an assignment of land and building.....	$ 13,877	$ 26,649
Note receivable bearing interest at a variable rate calculated annually, repayable in blended monthly payments of $1,712, maturing June 2006. $75,000 of the principal amount has been guaranteed by a third party..................................	82,389	104,756
Note receivable bearing interest at 9%, repayable in blended monthly payments of $253, maturing April 2008..	15,910	17,416
	$ 112,176	$ 148,821

4. Real estate and development projects

	Cost	Accumulated Depreciation	2001 Net Book Value	2000 Net Book Value
Facilities for public access..............	$ 6,415,085	$ 1,199,187	$ 5,215,898	$ 5,304,262
Real estate and development projects.............	25,145,373	3,617,219	21,528,154	23,180,563
	$ 31,560,458	$ 4,816,406	$ 26,744,052	$ 28,484,825

Included in the cost of real estate is a prepaid long-term lease from the Federal Department of Public Works for a term of 45 years from 1977, with three ten-year renewal options.

5. Credit facility

The Corporation has available a combined credit facility of $14,500,000 bearing interest at prime, less one percent. The line is secured by a guarantee of the Province of Nova Scotia. Of this amount, $1,000,000 has been allocated to operations with the remaining $13,500,000 for capital projects. To date $188,290 and $10,100,000 have been drawn on the operating and capital lines, respectively. In addition, the Corporation has the ability to borrow additional funds on an unsecured basis with interest at prime less 1/2%.

6. Capital stock

	2001	2000
Authorized		
5,000 shares without nominal or par value		
Issued:		
3 shares..	$ 3	$ 3

The shares are held in trust by one representative of the Province for the Queen in Right of the Province of Nova Scotia.

7. General Development Fund

	2001	2000
Beginning balance	$ 900,000	$ 3,105,000
Transfer from (to) operations	450,000	(2,205,000)
Ending balance	$ 1,350,000	$ 900,000

The Board of Directors has established this fund for future development and promotional projects. Expenditures from this fund will be at their discretion.

8. Infrastructure Renewal Fund

The infrastructure renewal fund shall be used for the renewal or replacement of public use facilities such as wharves, boardwalks, and parks, when such work is required as a result of aging. In general, the fund will not be used for ordinary repairs necessitated by other causes, or for repair/replacement of minor portions of such assets. Exceptions may be made when deemed appropriate by management in consultation with the Board.

9. Supplemental cash flow information

Change in non cash operating working capital

	2001	2000
Receivables	$ 72,060	$ (130,102)
Operating grants receivable	—	162,720
Deferred dock recovery	15,000	—
Prepaids	(3,067)	(20,987)
Payables and accruals	(39,693)	(37,082)
Deferred pension cost	906	908
	$ 45,206	$ (24,543)

Bank indebtedness and cash equivalents are comprised of the following:

	2001	2000
Cash in bank account and on hand	$ 39,266	$ 16,039
Line of credit	(188,290)	(359,207)
	$ (149,024)	$ (343,168)
Interest paid	$ 805,126	$ 743,259

10. Commitments

(i) The Corporation has entered into a lease agreement for the water lot portion of Queen's Wharf. Minimum lease payments over the next five years, assuming renewal at similar terms, are as follows:

2002	1,016
2003	1,016
2004	1,016
2005	1,016
2006	1,016

(ii) As part of the Bishop's Landing development project, the Corporation is committed to construct a public park and parking plaza anticipated to be in the range of $500,000.

11. **Financial instruments**

The fair values of cash and receivables approximate their carrying amounts because of their short term to maturity. The fair value of loans receivable approximate their carrying amounts because of variable interest rates and an insignificant fluctuation in the interest rates for those with fixed rates.

The fair values of payables and accruals and note payable approximate their carrying amounts because of their short term to maturity and variable interest rate.

12. **Employee pension plan**

The Corporation is a participant in a multi-employer pension plan, the Nova Scotia Public Sector Superannuation Plan. The plan required the payment costs for past service benefits which are being amortized to earnings over the expected average remaining service life of the employee group.

The most recent actuarial valuation of this plan was completed as at December 31, 1999 and includes pension assets of $2,881,300,000, and pension liabilities of $2.723,800,000, resulting in a pension surplus of $157,500,000. This surplus has resulted in a pension holiday for its participants. The amount applicable to the Corporation is not determinable and should not be significant as its participation includes only three employees.

13. **Subsequent event**

Effective April 1, 2001, Waterfront Development Corporation Limited amalgamated with the Bedford Waterfront Development Corporation Limited.

AUDITORS' REPORT

To the Chairman and Members of the Board of Directors
Western Regional Health Board

We have audited the statement of financial position of the Western Regional Health Board as at March 31, 2001 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2001 and the results of its operations, changes in fund balances and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Chartered Accountants

June 15, 2001

WESTERN REGIONAL HEALTH BOARD

Statement of Operations
Year Ended March 31, 2001

	Operating Fund	Capital Fund	Total 2001	Total 2000
Revenue				
Department of Health				
Operating funding	$ 95,371,554	$ —	$ 95,371,554	$ 124,830,584
Year 2000 funding	—	—	—	1,978,051
Department of Veteran's Affairs	3,217,878	—	3,217,878	4,290,504
Patient services	3,023,261	—	3,023,261	3,594,119
Physician funding	2,704,988	—	2,704,988	3,613,457
Program recoveries and sales	3,770,474	—	3,770,474	5,211,938
Amortization of deferred capital grants	—	5,634,383	5,634,383	7,471,087
Other	557,587	7,037	564,624	408,908
	108,645,742	5,641,420	114,287,162	151,398,648
Expenses				
Administration and support	3,281,942	—	3,281,942	4,258,753
Addiction services	2,714,382	—	2,714,382	4,248,942
Diagnostic imaging	5,813,562	—	5,813,562	7,591,820
Environmental services	4,948,000	—	4,948,000	6,088,110
Finance	1,162,455	—	1,162,455	1,683,236
Food & nutritional services	6,748,973	—	6,748,973	8,772,061
Health registry	3,032,504	—	3,032,504	3,724,555
Human resources	894,401	—	894,401	1,478,420
Information services	1,777,948	—	1,777,948	1,827,144
Laboratory	7,572,246	—	7,572,246	10,063,420
Materials management	2,883,966	—	2,883,966	3,658,759
Mental health	7,215,613	—	7,215,613	10,078,416
Nursing	44,864,805	—	44,864,805	57,724,525
Pharmacy	1,070,831	—	1,070,831	1,421,601
Plant & support services	7,193,201	—	7,193,201	9,160,258
Public Health	2,862,764	—	2,862,764	3,713,211
Rehabilitation services	1,976,830	—	1,976,830	2,476,874
Other programs	2,303,928	—	2,303,928	2,973,244
Retirement allowances	66,868	—	66,868	1,978,051
Depreciation	—	6,032,185	6,032,185	8,019,914
Interest	—	159,885	159,885	228,659
Other	251,712	56,370	308,082	1,024,658
	108,636,931	6,248,440	114,885,371	152,194,631
Excess (deficiency) of revenues over expenses before accumulated deficit and debt incremental funding	8,811	(607,020)	(598,209)	(795,983)
Accumulated deficit and debt incremental funding (Note 4)	—	—	—	19,392,568
Excess (deficiency) of revenues over expenses	$ 8,811	$ (607,020)	$ (598,209)	$ 18,596,585

WESTERN REGIONAL HEALTH BOARD

Statement of Financial Position
as at March 31, 2001

ASSETS

	Operating Fund	Capital Fund	Total 2001	Total 2000
Current				
Cash and cash equivalents (Page 586)	$ —	$ —	$ —	$ 4,388,515
Accounts receivable (Note 5)	—	—	—	24,012,371
Inventory	—	—	—	2,283,962
Prepaid expenses	—	—	—	768,892
	—	—	—	31,453,740
Long-term assets (Note 6)	—	—	—	668,383
Property, plant and equipment (Note 7)	—	—	—	129,986,155
	$ —	$ —	$ —	$ 162,108,278

LIABILITIES

	Operating Fund	Capital Fund	Total 2001	Total 2000
Current				
Accounts payable and accrued liabilities (Note 8)	$ —	$ —	$ —	$ 21,200,006
Current portion of long-term debt (Note 9)	—	—	—	185,513
Revenue received in advance	—	—	—	5,211,480
	—	—	—	26,596,999
Long-term debt (Note 9)	—	—	—	837,832
Deferred capital grants (Note 10)	—	—	—	131,464,690
	—	—	—	158,899,521

FUND BALANCES

	Operating Fund	Capital Fund	Total 2001	Total 2000
Restricted (Page 584)	—	—	—	332,567
Unrestricted (Page 584)	—	—	—	2,876,190
	—	—	—	3,208,757
			—	
	$ —	$ —	$ —	$ 162,108,278

WESTERN REGIONAL HEALTH BOARD

Statement of Changes in Fund Balances
as at March 31, 2001

	Operating Fund	Capital Fund	Total 2001	Total 2000
Restricted Fund Balances				
Balance, beginning of year........ $	78,581 $	253,986 $	332,567 $	854,778
Transfer to unrestricted fund......	—	—	—	(522,211)
Restricted fund balance transferred to:				
South Shore District Health Authority...........	(8,364)	—	(8,364)	—
South West Nova District Health Authority...........	(70,217)	(10,645)	(80,862)	—
Annapolis Valley District Health Authority............	—	(243,341)	(243,341)	—
Balance, end of year..............	—	—	—	332,567
Unrestricted Fund Balances				
Balance, beginning of year........	(1,934,611)	4,810,801	2,876,190	(16,242,606)
Transfer from restricted fund....	—	—	—	522,211
Transfer from capital fund........	1,925,800	(1,925,800)	—	—
Unrestricted fund balance transferred to:				
South Shore District Health Authority...........	—	(227,947)	(227,947)	—
South West Nova District Health Authority...........	—	(652,143)	(652,143)	—
Annapolis Valley District Health Authority............	—	(1,397,891)	(1,397,891)	—
Excess (deficiency) of revenues over expenses (Page 582).......	8,811	(607,020)	(598,209)	18,596,585
Balance, end of year..............	—	—	—	2,876,190
Total Fund Balances............ $	— $	— $	— $	3,208,757

WESTERN REGIONAL HEALTH BOARD

Statements of Cash Flows
Year Ended March 31, 2001

	Operating Fund	Capital Fund	Total 2001	Total 2000
Net inflow (outflow) of cash related to the following activities:				
Operating				
Excess (deficiency) of revenues over expenses (Page 582)	$ 8,811	$ (607,020)	$ (598,209)	$ 18,596,585
Adjusted for:				
Depreciation (Page 582)	—	6,032,185	6,032,185	8,019,914
Amortization(Page 582)	—	(5,634,383)	(5,634,383)	(7,471,087)
Changes in working capital items (Note 13)	(6,881,371)	7,566,667	685,296	(16,792,559)
Appropriation from capital	1,925,800	(1,925,800)	—	—
	(4,946,760)	5,431,649	484,889	2,352,853
Financing				
Disposition of long-term debt:				
South Shore District Health Authority	—	(724,900)	(724,900)	—
South West Nova District Health Authority	—	(24,818)	(24,818)	—
Annapolis Valley District Health Authority	—	(134,119)	(134,119)	—
Disposition of deferred capital grants:				
South Shore District Health Authority	—	(27,153,655)	(27,153,655)	—
South West Nova District Health Authority	—	(57,907,823)	(57,907,823)	—
Annapolis Valley District Health Authority	—	(45,897,177)	(45,897,177)	—
Assumption of long-term debt	—	—	—	377,383
Proceeds from capital grants (Note 10)	—	5,128,348	5,128,348	32,600,095
Repayment of long-term debt	—	(139,508)	(139,508)	(3,353,964)
	—	(126,853,652)	(126,853,652)	29,623,514

WESTERN REGIONAL HEALTH BOARD

Statements of Cash Flows (continued)
Year Ended March 31, 2001

	Operating Fund	Capital Fund	Total 2001	Total 2000
Investing				
Net decrease in restricted fund balance to:				
South Shore District Health Authority	(8,364)	—	(8,364)	—
South West Nova District Health Authority	(70,217)	(10,645)	(80,862)	—
Annapolis Valley District Health Authority	—	(243,341)	(243,341)	—
Net decrease in unrestricted fund balance to:				
South Shore District Health Authority	—	(227,947)	(227,947)	—
South West Nova District Health Authority	—	(652,143)	(652,143)	—
Annapolis Valley District Health Authority	—	(1,397,891)	(1,397,891)	—
Transfer of long-term assets to:				
South Shore District Health Authority	427,076	—	427,076	—
South West Nova District Health Authority	77,260	—	77,260	—
Annapolis Valley District Health Authority	92,328	—	92,328	—
Proceeds from long-term assets	40,162	—	40,162	—
Transfer of long-term assets to:				
South Shore District Health Authority	—	27,402,754	27,402,754	—
South West Nova District Health Authority	—	58,542,418	58,542,418	—
Annapolis Valley District Health Authority	—	47,267,628	47,267,628	—
Investment in long-term assets	—	—	—	(620,004)
Acquisitions of property, plant and equipment	—	(9,534,350)	(9,534,350)	(27,695,211)
Proceeds on disposals of property, plant and equipment	—	275,520	275,520	526,329
	558,245	121,422,003	121,980,248	(27,788,886)
Net cash (outflow) inflow	(4,388,515)	—	(4,388,515)	4,187,481
Cash and cash equivalents, beginning of year	4,388,515	—	4,388,515	201,034
Cash and cash equivalents, end of year	$ —	$ —	$ —	$ 4,388,515

WESTERN REGIONAL HEALTH BOARD

Notes to the Financial Statements
Year Ended March 31, 2001

1. DESCRIPTION OF ORGANIZATION

The Western Regional Health Board was formed by an Act of the Province of Nova Scotia as assented to by the Lieutenant Governor, on June 30, 1994. The Board's mission is to facilitate the development of community based primary health care in the Western Region of Nova Scotia and ensure the provision of quality primary and secondary health services in response to identified needs.

On June 8, 2000, Bill 34, The Health Authorities Act, was passed by the Province of Nova Scotia to provide for Community Health Boards, District Health Authorities and respective Provincial Health Care Centres. This Act provides for the establishment of District Health Authorities effective January 1, 2001 to govern and manage the delivery of all health services formerly under the governance of the Western Regional Health Board. Current year financial statements include nine months operations of the Western Regional Health Board from April 1, 2000 to December 31, 2000. Operations from January 1, 2001 to March 31, 2001 are presented in the financial statements of the following District Health Authorities:

DHA #1 - South Shore District Health Authority
DHA #2 - South West Nova District Health Authority
DHA #3 - Annapolis Valley District Health Authority

2. TRANSFER OF ASSETS, LIABILITIES AND FUND BALANCES

Assets, liabilities and fund balances of the Western Regional Health Board as at December 31, 2000 were transferred, in accordance with the allocation methodology approved by the Department of Health, to District Health Authority (#1), District Health Authority (#2) and District Health Authority (#3) effective January 1, 2001 as follows:

	Dec.31,2000	January 1, 2001			Total
	WRHB	DHA#1	DHA#2	DHA#3	Transferred
Cash and cash equivalents. . . . . $	3,694,177	1,571,952	(668,230)	2,790,455	3,694,177
Accounts receivable . . .	16,899,476	4,563,596	6,241,863	6,094,017	16,899,476
Inventory.	2,462,606	626,811	822,494	1,013,301	2,462,606
Prepaid expenses.	998,671	274,712	325,595	398,364	998,671
Long-term assets.	596,664	427,076	77,260	92,328	596,664
Property, plant & equipment (net book value)	133,212,800	27,402,754	58,542,418	47,267,628	133,212,800
Accounts payable and accrued liabilities	(17,990,301)	(5,183,299)	(5,029,594)	(7,777,408)	(17,990,301)
Current portion of long-term debt	(189,198)	(154,311)	(5,447)	(29,440)	(189,198)
Revenue received in advance.	(5,421,053)	(1,568,736)	(1,646,160)	(2,206,157)	(5,421,053)
Long-term debt	(694,639)	(570,589)	(19,371)	(104,679)	(694,639)
Deferred capital grants .	(130,958,655)	(27,153,655)	(57,907,823)	(45,897,177)	(130,958,655)
Restricted fund balance	(332,567)	(8,364)	(80,862)	(243,341)	(332,567)
Unrestricted fund balance	(2,277,981)	(227,947)	(652,143)	(1,397,891)	(2,277,981)
	$ —	$ —	$ —	$ —	$ —

3. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with accounting policies generally accepted in Canada and include the following significant accounting policies:

a) Fund Accounting

Revenue and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenue and expenses related to the Western Regional Health Board's capital assets and special purposes and endowment funds.

b) Revenue Recognition

The Western Regional Health Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in the restricted Capital Fund balances. Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

c) Property, Plant and Equipment

Purchased capital assets are recorded in the Capital Fund at cost. Contributed capital assets are recorded in the Capital Fund at fair value at the date of contribution. Designated capital assets are recorded at original costs less accumulated depreciation. Depreciation is provided on a straight-line basis at the following annual rates:

Land improvements	5 - 10%
Building and building service equipment	2.5 - 10%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

d) Deferred Capital Grants

Deferred contributions reported in the Capital Fund include grant revenue received from external sources restricted for the purchase of capital assets. Amortization of deferred capital grants is recognized as revenue on the same basis as depreciation of the related assets.

e) Inventory

Inventories are recorded at the lower of average cost and replacement cost, and includes medical/surgical, drugs, and other general inventory.

4. DEPARTMENT OF HEALTH ACCUMULATED DEFICIT AND DEBT INCREMENTAL FUNDING

During the year ended March 31, 2001, the Department of Health provided funding to cover accumulated debts and deficits to March 31, 1999 of Regional Health Boards and Non-Designated Organization. This incremental one-time amount was applied in the amount of $19,392,568 for operating deficits which is included in revenue. The amount applied for capital was $1,069,362 was recorded as a contribution to deferred capital grants.

5. ACCOUNTS RECEIVABLE

	Total 2001	Total 2000
Department of Health		
Operating funding	$ —	$ 8,582,233
Early Departure and Retirement Incentives	—	838,957
Capital grants	—	9,051,897
Department of Veteran's Affairs	—	51,334
Patient Care	—	1,021,825
HST rebates	—	1,041,063
Extended care facilities	—	844,049
Homecare/VON	—	176,534
Charitable foundations	—	1,207,196
Psychiatric recoveries	—	355,574
Federal grant funding	—	258,664
Other	—	583,045
	$ —	$ 24,012,371

6. LONG-TERM ASSETS

At March 31, 2000, long-term assets were comprised of employee advances, a prepaid maintenance contract ,and other non-current receivables.

7. PROPERTY, PLANT AND EQUIPMENT

	Net Book Value	
	2001	2000
Land and land improvements	$ —	$ 1,223,820
Building and building service equipment	—	112,408,278
Equipment	—	15,277,137
Equipment under capital lease	—	1,076,920
	$ —	$ 129,986,155

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Total 2001	Total 2000
Trade payables	$ —	$ 4,923,121
Accrued liabilities	—	2,993,305
Vacation pay	—	5,881,315
Salary and benefits	—	7,109,975
Other	—	292,290
	$ —	$ 21,200,006

9. LONG-TERM DEBT

	2001	2000
Bayer Agfa - non-interest bearing	$ —	$ 6,242
Obligations Under Capital Leases - interest between 7-11%	—	1,017,103
	—	1,023,345
Current portion	—	(185,513)
	$ —	$ 837,832

10. DEFERRED CAPITAL GRANTS

	2001	2000
Balance, beginning of year	$ 131,464,690	$ 106,335,682
Proceeds from capital assets	5,128,348	—
Transfer of net capital assets to:		
South Shore District Health Authority	(27,153,655)	—
South West Nova District Health Authority	(57,907,823)	—
Annapolis Valley District Health Authority	(45,897,177)	—
Grants received for capital asset purchases	—	27,648,974
Department of Health accumulated deficit and debt incremental funding (Note 4)	—	1,069,362
To offset assets under capital lease	—	368,006
To fund assets yet to be purchased	—	3,513,753
	5,634,383	138,935,777
Amortization of deferred capital grants	(5,634,383)	(7,471,087)
Balance, end of year	$ —	$ 131,464,690

11. CONTINGENCIES

The South Shore District Health Authority, South West Nova District Health Authority, and the Annapolis Valley District Health Authority have yet to reach a collective agreement with the employees of the Nova Scotia Nurses Union. The most recent collective agreement expired October 31, 2000. Although a retroactive wage adjustment is likely to cover the period from October 31, 2000 to March 31, 2001, it has been determined that such an amount cannot be reasonably estimated based on information available prior to the release of the financial statements. As a result, the financial statements do not include a provision for this contingent liability. The Department of Health has agreed to fully fund any such liability.

12. PENSION PLAN

Up to December 31, 2000, the Western Regional Health Board contributed to two pension plans on behalf of its employees. The first plan was administered by the Nova Scotia Association of Health Organizations. The most recent actuarial valuation was conducted as at December 31, 1998 and showed an unfunded liability for the entire plan of nil. The second plan was administered by the Province of Nova Scotia. The most recent actuarial valuation was conducted as at December 31, 1999 and showed an unfunded liability for the entire plan of nil. The Western Regional Health Board bears no financial responsibility for any unfunded liability of either plan.

13. CHANGES IN WORKING CAPITAL ITEMS

	Operating Fund	Capital Fund	Total 2001	Total 2000
Accounts receivable	$ 13,085,754	$ 10,958,174	$ 24,043,928	$ (13,858,442)
Inventory	2,283,962	—	2,283,962	(163,388)
Prepaid expenses	617,109	151,783	768,892	807,489
Accounts payable and accrued liabilities	(17,656,716)	(3,543,290)	(21,200,006)	2,265,637
Revenue received in advance	(5,211,480)	—	(5,211,480)	(5,843,855)
	$ (6,881,371)	$ 7,566,667	$ 685,296	$ (16,792,559)

14. PROVINCE OF NOVA SCOTIA RETIRING ALLOWANCE PROGRAM FOR EMPLOYEES OF HEALTH CARE FACILITIES

The Province of Nova Scotia Retiring Allowance Program for Health Care Facilities provides benefits for employees of the Western Regional Health Board (District Health Authority (#1), District Health Authority (#2), and District Health Authority (#3) upon retirement. The most recent actuarial valuation was for the years ended March 31, 1998; March 31, 1999; and March 31, 2000.

Financial position of the entire program was as follows:

Continuity Schedule	2000-2001	1999-2000	1998-1999
Liability, April 1, Beginning of Year . . . . $	7,611,700 $	6,578,200 $	5,655,800
Current Service Costs	445,500	413,600	382,400
Interest on Liability	528,600	458,700	396,100
Current Year (Gain) Loss	—	161,200	143,900
Liability, March 31, End of Year . . . . $	8,585,800 $	7,611,700 $	6,578,200

(estimated)

Significant actuarial assumptions adopted in measuring the financial position of the program as at March 31, 2000 were based on information provided by the Nova Scotia Association of Health Organizations ("NSAHO"). The discount rate used was 6.56%.

All accumulated past liabilities from the retiring allowance program that relate directly to employees of the Western Regional Health Board will be fully funded by the Province of Nova Scotia, up to and including March 31, 2001. As a result, this liability has not been recorded in the financial statements. On a go forward basis, the financial position of the retiring allowance program will be funded by operations of the appropriate District Health Authority, that being one of District Health Authority (#1), District Health Authority (#2), or District Health Authority (#3).

AUDITORS' REPORT

To the Members of the Board of Directors
Workers' Compensation Board of Nova Scotia

We have audited the statement of financial position of the Workers' Compensation Board of Nova Scotia as at December 31, 2000 and the statements of operations and unfunded liability and cash flows for the year then ended. These financial statements are the responsibility of the WCB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the WCB as at December 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

The financial statements for the preceding year were examined by other chartered accountants.

Ernst & Young, LLP
Chartered Accountants

Halifax, Nova Scotia
March 6, 2001

WORKERS' COMPENSATION BOARD OF NOVA SCOTIA

Statement of Financial Position
as at December 31, 2000

	2000	1999
ASSETS		
Cash	$ 8,122,039	$ 5,206,949
Receivables (Note 3)	20,168,465	9,551,449
Investments (Note 4 and 15)	621,035,031	533,318,939
Deferred charges (Note 5)	—	923,195
Property and equipment (Note 6)	12,573,649	10,567,057
Other assets (Note 7)	2,100,000	2,250,000
	$ 663,999,184	$ 561,817,589
LIABILITIES		
Payables and accruals	$ 13,641,310	$ 10,028,213
Employee future benefits (Notes 2e, 8 and 19)	3,143,426	—
Benefits liabilities (Note 10)	955,003,522	890,545,991
	971,788,258	900,574,204
Unfunded liability	(307,789,074)	(338,756,615)
	$ 663,999,184	$ 561,817,589

Commitment (Note 17)
Contingencies (Note 18)

See accompanying notes.

WORKERS' COMPENSATION BOARD OF NOVA SCOTIA

Statement of Operations and Unfunded Liability
Year Ended December 31, 2000

	2000	1999
Revenue		
Assessments (Note 11 and 15)	$ 192,750,378	$ 180,379,331
Net investment income (Note 15)	62,103,123	52,760,235
Government contribution (Note 9)	---	4,600,000
	254,853,501	237,739,566
Claims costs incurred (Note 10 and 15)		
Short-term disability	27,383,063	23,358,015
Long-term disability	52,777,136	51,444,564
Survivor benefits	6,022,115	5,831,247
Health care	18,262,716	16,098,360
Rehabilitation	1,692,708	1,586,190
	106,137,738	98,318,376
Growth in present value of benefits liabilities and actuarial adjustments (Note 10)	82,277,983	63,118,914
Administration costs (Notes 12 and 15)	25,465,681	22,640,245
Legislated obligations (Note 13)	7,269,158	5,154,149
	221,150,560	189,231,684
Excess of revenue over expenses before below noted item	33,702,941	48,507,882
Adjustment to benefits liabilities (Note 10)	---	17,412,819
Excess of revenue over expenses applied to reduce the unfunded liability	33,702,941	31,095,063
Unfunded liability, beginning of year	(338,756,615)	(369,851,678)
Employee future benefits (Note 2e)	(2,735,400)	---
Unfunded liability, end of year	$ (307,789,074)	$ (338,756,615)

See accompanying notes

WORKERS' COMPENSATION BOARD OF NOVA SCOTIA

Statement of Cash Flows
Year Ended December 31, 2000

	2000	1999
Operating Activities		
Cash received from:		
Employers, for assessments	$ 181,877,148	$ 178,938,402
Net Investment income	62,103,123	52,760,235
	243,980,271	231,698,637
Cash paid to:		
Claimants or third parties on their behalf	(123,979,228)	(111,704,263)
Suppliers, for administrative and other goods and services	(26,318,149)	(23,731,291)
	(150,297,377)	(135,435,554)
Deferred Charges (Note 5)	923,195	(923,195)
Net cash provided by operating activities	94,606,089	95,339,888
Investing Activities		
Increase in investments	(87,716,092)	(88,085,848)
Cash paid for:		
Purchases of property and equipment	(3,974,907)	(4,172,639)
Net cash used in investing activities	(91,690,999)	(92,258,487)
Net increase in cash	2,915,090	3,081,401
Cash, beginning of year	5,206,949	2,125,548
Cash, end of year	$ 8,122,039	$ 5,206,949

See accompanying notes

1. NATURE OF OPERATIONS

The Workers' Compensation Board ("the WCB") was established by the Nova Scotia Legislature in 1917, under the Workers' Compensation Act ("the Act"). and as such is exempt from income tax. The WCB is responsible, in accordance with the provisions of the Act, for administering the payments of benefits to injured workers; levying and collecting assessment revenues from established classes of employers in amounts sufficient to cover the costs of claims and administration; and investing funds held for future benefit payments.

A new Act received Royal Assent on February 6, 1995. The Act contains several provisions dealing with retroactive entitlement for permanent disability. Permanent injuries incurred before March 23, 1990, will be compensated according to the worker's level of physical impairment. Permanent injuries incurred on or after this date are primarily compensated according to the earnings loss resulting from the injury.

Amendments to the Act received Royal Assent on April 16, 1999. The amendments contained a number of provisions including:

- Establishment of the level of benefits for certain workers with chronic pain whose accidents occurred after March 23, 1990 and before February 1, 1996;
- Reinstatement of Amended Interim Earnings Loss Benefits;
- Reinstatement of survivor benefits to survivors who remarried prior to 1992;
- Extension of survivor pensions for life rather than to age 65, where a compensable death occurs after February 1, 1996 as a result of injuries prior to February 1, 1996.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles, which include the following accounting policies:

a) Assessments Receivable

Assessments receivable and assessment revenue include a provision for unbilled assessments to reflect anticipated revisions based upon actual payroll information received in the following year.

b) Investments

Fixed-term investments are recorded at amortized cost. Gain or losses realized on disposal of fixed-term investments are amortized on a straight-line basis over a five-year period.

Equity investments are stated at moving average market value. Unrealized gains and losses occurring during the year, together with gains and losses realized on disposal of equities during the year, are deferred and amortized on a straight-line basis over a five-year period.

Where it is determined that a permanent impairment in the carrying value of the entire investment portfolio has occurred, the carrying value of the portfolio is written down to recognize the loss and the write down is included in the income of the year in which it occurs.

c) Property and Equipment

Property and equipment are stated at cost, less accumulated amortization. Amortization is charged on a straight-line basis over a period from 5 to 40 years for all assets except computer software. Amortization is charged on a straight-line basis over a period from 5 to 10 years for software and process development and on a declining balance basis at an annual rate of 30 percent for software purchases. In the year of acquisition, a half-year's amortization is taken.

d) **Other Assets**

Other assets are stated at cost, less accumulated amortization, which is charged on a straight-line basis over 25 years.

e) **Employee Future Benefits**

Effective January 1, 2000, the WCB retroactively adopted an accounting policy to record its liability for employee future benefits. The main components of this change are as follows:

- Costs for employee future benefits other than pensions are accrued over the periods in which the employees render services in return for these benefits. The costs associated with non-pension future benefits were previously expensed as incurred.

- The cumulative effect of this accounting policy change as of January 1, 2000 is an increase to the employee future benefits of $2,735,400 and an increese to the unfunded liability for the same amount.

- A liability for employee future benefits of $3,143,426 has been included in the financial statements, in the current year.

- The current year's net expense incurred for future employee benefits is $408,026.

Actuarial gains and losses are amortized on a straight-line basis over the employee's average remaining service life.

As the effect of this accounting change on the prior year is not reasonably determinable, the comparative statements have not been restated to reflect this change.

f) **Benefits Liabilities**

An independent actuary completes a valuation of the Benefits Liabilities of the WCB at each year-end. The Benefits Liabilities represent the actuarial present value of all future benefits payments expected to be made for accidents which occurred in the current fiscal year or in any prior year. The Benefits Liabilities include provision for all benefits provided by current legislation, policies and/or administrative practices in respect of existing claims. No provision has been made for future claims related to occupational disease or for future expenses of administration of existing claims (see also note 10).

g) **Foreign Currency Translation**

Monetary assets denominated in foreign currencies, exist as investments, and are converted to Canadian dollars at rates of exchange prevailing at the balance sheet date. The resulting differences between the translation at the original transaction date and the balance sheet date recognized on disposal are deferred and amortized on a straight-line basis over a five-year period.

h) **Measurement Uncertainty**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

i) **Financial Instruments**

The carrying values of WCB's financial instruments, other than investments, approximate fair values because of their short-term maturity and normal credit terms. Investments are recorded as described in note 2b.

The WCB's accounts receivable do not represent significant concentration of credit risk because the accounts are owed by a large number of employers on normal credit terms.

At year-end, the WCB did not have any exposure relating to derivative instruments.

3. RECEIVABLES

	2000	1999
Assessments	$ 18,761,827	$ 7,492,745
Self-insured employers (Note 14)	4,457,049	4,850,208
Assessments receivable	23,218,876	12,342,953
Self-insured employers - deposits (Note 14)	(4,001,250)	(4,001,250)
Government of Nova Scotia	---	527,765
Harmonized Sales Tax rebate	465,271	249,396
Other	485,568	432,585
	$ 20,168,465	$ 9,551,449

Assessments receivable are net of allowance for doubtful accounts of $1,250,913 in 2000 (1999 - $775,824). Other receivables are net of allowance for doubtful accounts of $71,282 in 2000 (1999 - $66,022).

4. INVESTMENTS

	2000	1999
Money Market	$ 86,566,419	$ 105,480,613
Fixed-term investment (market value 2000 - $247,672,406; 1999 - $174,628,538)	243,992,047	180,927,930
Equities (market value 2000 - $369,990,287; 1999 - $340,748,058;	336,429,222	271,322,648
Accrued interest	3,247,249	3,134,732
	670,234,937	560,865,923
Deferred investment gains	(49,199,906)	(27,546,984)
	$ 621,035,031	$ 533,318,939

5. DEFERRED CHARGES

During 1999, the WCB entered into an agreement with the Nova Scotia Department of Business and Consumer Services on the establishment of the Nova Scotia Business Registry. The WCB invested $923,195 to assist with the startup costs of the Registry. Initially, the deferred charge was to be amortized to expense over the next five years at a rate equivalent to the savings in transaction fees. The agreement was revised in 2000 to completely recover the initial investment as a reduction in the contribution to the additional project costs during 2000.

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2000	Net Book Value 1999
Land	$ 154,764	$ —	$ 154,764	$ 154,764
Building	3,278,302	1,214,786	2,063,516	2,068,785
Furniture	1,719,471	503,643	1,215,828	348,661
Equipment and computer hardware	3,119,731	1,794,322	1,325,409	1,616,690
Software and process development	13,016,107	5,201,975	7,814,132	6,378,157
	$ 21,288,375	$ 8,714,726	$ 12,573,649	$ 10,567,057

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7. OTHER ASSETS

		2000		1999
Cost	$	3,750,000	$	3,750,000
Accumulated amortization		(1,650,000)		(1,500,000)
	$	2,100,000	$	2,250,000

During 1990, the WCB paid $3,750,000 to the Province of Nova Scotia for the exclusive right to utilize a 16-bed unit at the Queen Elizabeth II Health Sciences Centre for a period of 25 years.

8. EMPLOYEE FUTURE BENEFITS

The WCB has provided for employee future benefits other than pensions as follows: retirement allowance, life insurance, dental and medical programs.

The significant actuarial assumptions adopted in measuring the WCB's accrued benefit obligations are as follows:

	Other Benefit Plans 2000
Discount rate	6.75%
Expected health care costs trend rate	10% in 2000; decreasing annually by 1% increments to an ultimate rate of 5%.
Drug claim increases trend rate	12% in 2000; decreasing annually by 1% increments to an ultimate rate of 6%.
Retirement age assumption	59 years.

9. GOVERNMENT CONTRIBUTION

In 1995, the Government of Nova Scotia agreed to contribute $23,000,000 to the WCB, payable in five equal instalments of $4,600,000. The instalments were due on April 1 of each year. Interest on deferred contributions accrued at 4.75% and prepayments were discounted at the same rate. There are no further amounts due pursuant to the agreement.

10. BENEFITS LIABILITIES

	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabilitation	Total 2000	Total 1999
Balance, beginning of year...........	$ 40,146,569	$ 654,307,704	$ 118,833,197	$ 69,919,983	$ 7,338,538	$ 890,545,991	$ 823,903,110
Growth in present value of benefits liabilities..........	2,609,527	47,437,309	8,615,407	4,544,799	477,005	63,684,047	58,571,207
Actuarial adjustments........	11,316,094	(3,699,818)	2,887,168	7,382,319	708,173	18,593,936	4,547,707
	13,925,621	43,737,491	11,502,575	11,927,118	1,185,178	82,277,983	63,118,914
Claims costs incurred........	27,383,063	52,777,136	6,022,115	18,262,716	1,692,708	106,137,738	98,318,376
Claims payments made.......	(30,285,881)	(53,459,735)	(14,373,720)	(23,780,365)	(2,058,489)	(123,958,190)	(112,207,228)
Adjustment to benefits liabilities................	—	—	—	—	—	—	17,412,819
Balance, end of year........	$ 51,169,372	$ 697,362,596	$ 121,984,167	$ 76,329,452	$ 8,157,935	$ 955,003,522	$ 890,545,991

Adjustment to Benefits Liabilities

The 1999 adjustment to the benefits liabilities of $17,412,819 combined with an adjustment of $40,203,000 recorded in 1998 represent the WCB's best estimate of the present value of the benefits payable pursuant to the amendments to the Act which received Royal Assent on April 16, 1999 (Note 1).

The WCB's independent actuaries, in their report of February 28, 2001, have noted that limited data is yet available in respect of the effect of the earnings-loss procedures upon aggregate benefits liabilities. The portion of the WCB's recorded benefits liabilities which is subject to earnings-loss procedures is $385,272,000.

Recorded benefits liabilities are based upon the best estimation techniques presently available to the WCB. However, it is possible that subsequent independent actuarial estimates may vary based upon the more extensive experience and data under the new earnings-loss procedures that will become available over time. The probability and the magnitude of such a variance, which could be material, is presently undeterminable.

11 ASSESSMENTS

	2000	1999
Classes	$ 160,240,872	$ 149,679,867
Self-insured employers (Note 14)	29,520,841	27,917,724
Premium adjustment charge	1,329,752	2,031,420
Assessment and reporting penalties	1,658,913	750,320
	$ 192,750,378	$ 180,379,331

Assessment revenue is shown net of bad debt expense of $797,686 in 2000 (1999 - $566,128).

12 ADMINISTRATION COSTS

	2000	1999
Salaries and staff expense	$ 16,824,424	$ 15,236,476
Amortization	2,099,430	1,812,518
Professional fees	1,297,846	1,271,608
Building operations	1,278,098	992,404
Services contracted	1,095,432	867,302
Supplies	873,042	693,180
Training and development	750,268	439,252
Communications	610,464	727,573
Travel and accommodations	584,833	563,937
Equipment rental	28,976	20,722
Miscellaneous	22,868	15,273
	$ 25,465,681	$ 22,640,245

13 LEGISLATED OBLIGATIONS

	2000	1999
Occupational Health and Safety	$ 3,994,818	$ 3,339,535
Workers' Compensation Appeal Tribunal	1,971,590	1,814,614
Workers' Advisers Program	1,302,750	—
	$ 7,269,158	$ 5,154,149

The WCB is required by the Act to reimburse the Government of Nova Scotia for part of the operating costs of the Occupational Health and Safety Division of the Department of Environment and Labour. Total operating expenses incurred by the WCB for 2000 were $3,994,818 (1999 - $3,339,535).

The Workers' Compensation Appeals Tribunal (WCAT) is an independent organization formed to hear appeals of workers' compensation claims and assessment decisions. The WCB is required by the Act to absorb the operating costs of the WCAT.

The Workers' Advisers Program (WAP) offers legal advice and assistance to eligible injured workers on workers' compensation matters. The WAP operates autonomously from the WCB. The WCB is required by the Act to absorb the operating costs of the WAP.

14 SELF-INSURED EMPLOYERS

These financial statements include the effects of transactions carried out for self-insured employers-federal and provincial government bodies-who directly bear the costs of their own incurred claims and an appropriate share of administration costs.

	2000	1999
Revenue	$ 29,520,841	$ 27,917,724
Claims costs incurred		
Short-term disability	$ 2,989,890	$ 2,463,779
Long-term disability	14,975,735	14,408,973
Survivor benefits	3,556,667	3,516,898
Health care	3,674,208	3,480,383
Rehabilitation	138,707	231,633
	25,335,207	24,101,666
Administration costs	4,185,634	3,816,058
	$ 29,520,841	$ 27,917,724

The benefits liabilities related to self-insured employers have not been included in the WCB's benefits liabilities account. As these liabilities will be borne by those employers when paid in future years, they do not add to the WCB's unfunded liability.

15 RELATED PARTY TRANSACTIONS

Pursuant to various legislative amendments to the Act, the Province of Nova Scotia reimburses the WCB for certain claims costs incurred. These claims payments are billed to and recovered from the consolidated fund on a monthly basis. Total recoveries for 2000 were $1,177,160 (1999 - $1,091,497). Claims payments indicated in Note 10 are shown net of these amounts.

In addition, the WCB provides self-insured coverage to provincial government agencies and departments. The Province, as a self-insured employer, reimburses the WCB for their own incurred claims and a share of administration costs. The amounts included in Note 14 for the Province of Nova Scotia are as follows:

	2000	1999
Revenue	$ 2,878,679	$ 2,113,231
Claims costs incurred	$ 2,369,001	$ 1,888,617
Administration charges	509,678	224,614
	$ 2,878,679	$ 2,113,231

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The balances due to and due from related parties are non-interest bearing and under normal credit terms.

The WCB invests short-term funds in promissory notes of the Province of Nova Scotia. Interest earned on these investments totalled $4,560,070 in 2000 (1999 - $4,847,848). Total funds invested in notes due from the Province as at December 31, 2000 were $40,000,000 (1999 - $69,000,000).

16 INDUSTRY LEVIES

As a result of Orders-in-Council, the WCB has levied a surcharge against the following industries to fund a portion of the operating costs of safety and health training programs conducted by the industry. The amounts collected have been disbursed as directed by the Orders-in-Council. As the funds collected on behalf of these Associations are not those of the WCB, they have not been included as revenue or costs in the Statement of Operations and Unfunded Liability.

Industry	Payee		2000		1999
Construction	Nova Scotia Construction Safety Association	$	897,847	$	944,090
Forestry	Nova Scotia Forestry Safety Society	$	290,504	$	296,192
Trucking	Nova Scotia Trucking Safety Association	$	183,097	$	—
Retail Gasoline	Retail Gasoline Dealers' Association	$	18,595	$	30,695

17 COMMITMENT

The WCB has committed to the following operating lease payments, for office premises and equipment, over the next five years:

2001	$	805,582
2002	$	637,546
2003	$	180,634
2004	$	21,837
2005	$	21,837

18 CONTINGENCIES

a) Chronic Pain-Related Benefits

On January 31, 2000, the Workers' Compensation Appeals Tribunal issued two decisions indicating certain provisions of the Act and Regulations were unconstitutional. This decision was overturned by the Court of Appeal on November 8, 2000; however, the Appellants are now seeking Leave to Appeal to the Supreme Court of Canada. The provisions affected by the decision relate specifically to the eligibility of workers to receive benefits for chronic pain. Unresolved issues surrounding this ruling have the potential to increase the liabilities relating to chronic pain benefits. The probability and magnitude of such an increase are currently undeterminable.

b) Survivor Benefits

On April 25, 2000, the Supreme Court of Nova Scotia ruled that the legislation which ended survivors' benefits on remarriage was unconstitutional and ordered retroactive reinstatement of benefits. This decision was appealed to the Nova Scotia Court of Appeal, by the Attorney General of Nova Scotia, and was heard February 9, 2001. Retroactive reinstatement of benefits to survivors has the potential to increase the WCB's liabilities by approximately $10,800,000. The probability of such an increase in the liabilities is currently undeterminable.

19 EMPLOYEE PENSION PLAN

Employees of the WCB participate in the Public Service Superannuation fund, (the "Plan"), a contributory defined benefit pension plan administered by the Province of Nova Scotia, which provides pension benefits based on length of service and earnings. Contributions to the plan are required by both employees and the WCB. Total employer contributions for 2000 were $754,775 (1999 - $553,234) and are recognized as an expense in the period. The WCB is not responsible for any unfunded liability, nor does the WCB have any access to any surplus that may arise in this Plan.

20 COMPARATIVE FIGURES

Certain 1999 comparative figures have been reclassified to conform with the 2000 presentation format.